

Interim Condensed Consolidated Financial Statements of

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

For the three-month periods ended January 31, 2021 and 2020
(Unaudited)

GURU ORGANIC ENERGY CORP.

(formerly Mira X Acquisition Corp.)

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(Unaudited)

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GURU ORGANIC ENERGY CORP.

(formerly Mira X Acquisition Corp.)

Interim Condensed Consolidated Statements of Financial Position

January 31, 2021 and October 31, 2020

(Unaudited)

	January 31, 2021	October 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 26,435,247	\$ 30,418,296
Trade and other receivables	2,908,691	2,949,806
Income taxes receivable	141,396	–
Refundable investment tax credits	53,372	72,375
Inventories	7,960,951	6,311,783
Prepaid expenses	271,377	395,210
	<hr/>	<hr/>
	37,771,034	40,147,470
Fixed assets	693,235	43,794
Intangible assets	36,460	39,416
Right-of-use assets (note 7)	2,133,029	206,113
Other assets	347,427	364,033
Long-term deposit	48,250	–
Deferred tax assets	814,529	993,623
	<hr/>	<hr/>
	\$ 41,843,964	\$ 41,794,449

See accompanying notes to interim condensed consolidated financial statements.

GURU ORGANIC ENERGY CORP.

(formerly Mira X Acquisition Corp.)

Interim Condensed Consolidated Statements of Financial Position (continued)

January 31, 2021 and October 31, 2020

(Unaudited)

	January 31, 2021	October 31, 2020
Liabilities and Shareholders' Equity		
Current liabilities:		
Credit facilities (note 8)	\$ -	\$ 13,318
Accounts payable and accrued liabilities	5,061,472	7,345,147
Income taxes payable	274,798	315,405
Current portion of long-term debt (note 9)	210,000	155,000
Current portion of lease liabilities (note 10)	317,743	81,586
	<u>5,864,013</u>	<u>7,910,456</u>
Deferred tax liabilities	76,969	93,483
Long-term debt (note 9)	-	120,000
Lease liabilities (note 10)	1,813,260	102,038
	<u>7,754,242</u>	<u>8,225,977</u>
Shareholders' equity:		
Share capital	37,535,047	36,550,646
Shares to be issued (note 18(c))	509,368	-
Contributed surplus	385,605	639,682
Deficit	(4,200,493)	(3,569,375)
Accumulated other comprehensive loss	(139,805)	(52,481)
	<u>34,089,722</u>	<u>33,568,472</u>
Subsequent events (note 18)		
	<u>\$ 41,843,964</u>	<u>\$ 41,794,449</u>

See accompanying notes to interim condensed consolidated financial statements.

On behalf of the Board:

_____ Director

_____ Director

GURU ORGANIC ENERGY CORP.

(formerly Mira X Acquisition Corp.)

Interim Condensed Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income

Three-month periods ended January 31, 2021 and 2020
(Unaudited)

	Three-month periods ended	
	January 31, 2021	January 31, 2020
Revenue (note 12)	\$ 6,602,505	\$ 5,328,085
Cost of goods sold	2,505,233	1,785,590
Gross profit	4,097,272	3,542,495
Selling, general and administration expenses (note 13)	4,679,829	2,882,510
Net financial expenses (note 14)	28,425	111,271
Reverse acquisition of Mira X expenses	25,258	-
	4,733,512	2,993,781
(Loss) income before income taxes	(636,240)	548,714
Current income taxes	(141,429)	94,961
Deferred income tax	136,307	11,810
Net (loss) income	(631,118)	441,943
Other comprehensive income:		
Item that is or may be reclassified subsequently to consolidated statements of (loss) income:		
Foreign operations - foreign currency translation differences	(87,055)	7,747
Total comprehensive (loss) income	\$ (718,173)	\$ 449,690
Basic and diluted (loss) earnings per share (note 11)	\$ (0.02)	\$ 0.02

See accompanying notes to interim condensed consolidated financial statements.

GURU ORGANIC ENERGY CORP.

(formerly Mira X Acquisition Corp.)

Interim Condensed Consolidated Statements of Changes in Equity

Three-month periods ended January 31, 2021 and 2020
(Unaudited)

	<u>Share capital</u>		<u>Shares to be issued</u>		Contributed surplus	Deficit	Accumulated other comprehensive loss - foreign currency translation	Total
	Number	Amount	Number	Amount				
Balance as of October 31, 2020	28,907,954	\$ 36,550,646	–	\$ –	\$ 639,682	\$ (3,569,375)	\$ (52,481)	\$ 33,568,472
Net loss	–	–	–	–	–	(631,118)	–	(631,118)
Stock options exercised	141,859	984,401	73,080	509,368	(326,204)	–	–	1,167,565
Stock-based compensation expense	–	–	–	–	72,127	–	–	72,127
Foreign operations - foreign currency translation differences	–	–	–	–	–	–	(87,324)	(87,324)
Balance as of January 31, 2021	29,049,813	\$ 37,535,047	73,080	\$ 509,368	\$ 385,605	\$ (4,200,493)	\$ (139,805)	\$ 34,089,722
Balance as of October 31, 2019	22,448,069	\$ 3,425,576	–	\$ –	\$ 60,000	\$ (1,412,981)	\$ (67,021)	\$ 2,005,574
Net income	–	–	–	–	–	441,943	–	441,943
Stock-based compensation expense	–	–	–	–	21,486	–	–	21,486
Foreign operations - foreign currency translation differences	–	–	–	–	–	–	7,747	7,747
Balance as of January 31, 2020	22,448,069	\$ 3,425,576	–	\$ –	\$ 81,486	\$ (971,038)	\$ (59,274)	\$ 2,476,750

See accompanying notes to interim condensed consolidated financial statements.

GURU ORGANIC ENERGY CORP.

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Interim Condensed Consolidated Statements of Cash Flows

Three-month periods ended January 31, 2021 and 2020

(Unaudited)

	Three-month periods ended	
	January 31, 2021	January 31, 2020
Cash provided by (used in):		
Operating:		
Net (loss) income	\$ (631,118)	\$ 441,943
Adjustments for:		
Depreciation and amortization	79,785	80,890
Income tax (recovery) expense	(5,122)	106,771
Net financial expenses	4,851	93,728
Stock-based compensation expense (note 16)	72,127	21,486
Derecognition of right-of-use asset and lease liability	(329)	-
Additions to other assets	-	(39,567)
Net change in non-cash operating working capital (note 15)	(4,039,215)	(2,213,177)
	(4,519,021)	(1,507,926)
Financing:		
Exercise of stock options	769,279	-
Shares to be issued from exercise of warrants	398,286	-
Net change in credit facilities	(13,318)	1,398,276
Repayment of long-term debt	(65,000)	(82,500)
Interest and financing fees paid	(24,938)	(93,728)
Payment of lease obligation (note 10)	(62,176)	(43,339)
	1,002,133	1,178,709
Investing:		
Additions to fixed assets	(422,716)	-
Deposits on leases	(53,500)	-
Interest revenue	20,086	-
	(456,130)	-
Effect of movements in exchange rate on cash held	(10,031)	511
Decrease in cash and cash equivalents and bank overdraft	(3,983,049)	(328,706)
Cash and cash equivalents, beginning of period	30,418,296	149,652
Cash and cash equivalents (bank overdraft), end of period	\$ 26,435,247	\$ (179,054)

See accompanying notes to interim condensed consolidated financial statements.

GURU ORGANIC ENERGY CORP.

(formerly Mira X Acquisition Corp.)

Notes to Interim Condensed Consolidated Financial Statements

Three-month periods ended January 31, 2021 and 2020
(Unaudited)

1. Reporting entity:

GURU Organic Energy Corp. (the "Company" or "GURU"), formerly Mira X Acquisition Corp. ("Mira X") up to the completion of the Amalgamation, as defined below, was incorporated under the *Canada Business Corporations Act* on April 28, 2005. The address of its registered office is 7236 Waverly, suite 602, Montréal, QC, Canada H2R 2Y8. These interim condensed consolidated financial statements comprise the Company and its wholly-owned subsidiaries GURU Beverage Inc. and GURU Beverage Co. (together, the "Group"). The Group produces, markets and distributes energy drinks for sale in the Canadian and U.S. markets.

Private placement, Amalgamation and reverse takeover

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

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

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

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

GURU ORGANIC ENERGY CORP.

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Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month periods ended January 31, 2021 and 2020

(Unaudited)

1. Reporting entity (continued):

COVID-19 pandemic

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

2. Basis of accounting:

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

The interim condensed consolidated financial statements of the Company for the three-month periods ended on January 31, 2021 and 2020 were authorized by the Board of Directors ("Board") for issuance on March 16, 2021.

Operating segment

The Company determined that it operated a single operating segment.

Seasonality of interim operations

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

GURU ORGANIC ENERGY CORP.

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Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month periods ended January 31, 2021 and 2020

(Unaudited)

3. Functional and presentation currency and basis of measurement:

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

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

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

4. Use of judgments and estimates:

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

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

5. Significant accounting policies:

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

6. Standards issued but not yet effective:

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

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

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

GURU ORGANIC ENERGY CORP.

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Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month periods ended January 31, 2021 and 2020

(Unaudited)

7. Right-of-use assets:

	Building	Automotive equipment	Total
Balance as at October 31, 2019	\$ 145,153	\$ 168,687	\$ 313,840
Additions	–	74,261	74,261
Depreciation	(120,424)	(61,564)	(181,988)
Balance as at October 31, 2020	24,729	181,384	206,113
Additions	1,887,890	138,348	2,026,238
Depreciation	(69,691)	(18,974)	(88,665)
Derecognition	–	(10,657)	(10,657)
Balance as at January 31, 2021	\$ 1,842,928	\$ 290,101	\$ 2,133,029

During the period ended January 31, 2021, the Company signed a new seven-year lease for its head office located in Montréal, Canada, for which leasehold improvements were still under construction at period end. An amount of \$44,963 of right-of-use asset depreciation has been capitalized to the leasehold improvement asset.

8. Credit facilities:

The Company has an authorized line of credit of a maximum of CA\$3,000,000 and US\$700,000, which can be used in the form of advances in Canadian dollars or in US dollars. As at January 31, 2021, the line of credit in the form of Canadian dollar advances bearing interest at the prime rate (2.45% as at January 31, 2021) plus 1% was not used (October 31, 2020 - nil) and the line of credit in the form of American dollar advances bearing interest at the US base rate (3.75% as at January 31, 2021) plus 1% was also not used (October 31, 2020 - US\$10,000 (CA\$13,318)).

The Company also has an authorized line of credit that can be used in the form of foreign exchange contracts for a maximum amount of US\$550,000 (October 31, 2020 - US\$550,000); this credit facility was not used as at January 31, 2021 (October 31, 2020 - nil).

The Company has a letter of credit for a maximum of \$800,000 for which an amount of EUR300,000 (CA\$465,390) has been used as of January 31, 2021 (October 31, 2020 - EUR300,000 (CA\$465,492)).

GURU ORGANIC ENERGY CORP.

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Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month periods ended January 31, 2021 and 2020

(Unaudited)

8. Credit facilities (continued):

The credit facilities noted above, and the long-term debt as described in Note 9 are secured by the universality of the Company's movable assets, a joint guarantee of the Company 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 certain shareholders for an amount of \$646,667, renewable annually. These credit facilities and the long-term debt are subject to certain conditions. At January 31, 2021, the line of credit was not used, and the long-term debt has been repaid in full on March 2, 2021 (refer to Subsequent events, Note 18(b)).

9. Long-term debt:

	January 31, 2021	October 31, 2020
Term loan, repayable in monthly payments of \$17,500 in principal only plus interest at prime rate (2.45% as at January 31, 2021) plus 2.50%, with additional repayments if free cash flows are available up to a maximum of \$130,000 annually, maturing in December 2020 ⁽ⁱ⁾	\$ -	\$ 35,000
Term loan, repayable in monthly payments of \$10,000 in principal only plus interest at prime rate (2.45% as at January 31, 2021) plus 2.50%, maturing in October 2022 ⁽ⁱ⁾	210,000	240,000
	210,000	275,000
Current portion of long-term debt	(210,000)	(155,000)
	\$ -	\$ 120,000

⁽ⁱ⁾ These term loans are secured by the guarantees as stated in Note 8.

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

	January 31, 2021	October 31, 2020
Less than 1 year	\$ 210,000	\$ 155,000
Between 1 and 5 years	-	120,000

The long-term debt was repaid in full in March 2021 (see Subsequent events, Note 18(b)).

GURU ORGANIC ENERGY CORP.

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Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month periods ended January 31, 2021 and 2020

(Unaudited)

10. Lease liabilities:

The following table presents the lease obligations of the Company:

Lease obligations as at October 31, 2019	\$	297,663
Additions		65,738
Payment of lease obligations		(191,861)
Interest expense on lease obligations		12,084
Balance as at October 31, 2020		183,624
Additions		2,020,541
Payment of lease obligations		(73,999)
Interest expense on lease obligations		11,823
Derecognition		(10,986)
Lease obligations as at January 31, 2021	\$	2,131,003

The following table presents the lease obligations of the Company:

	January 31, 2021	October 31, 2020
Contractual undiscounted cash flows:		
Less than 1 year	\$ 380,335	\$ 88,022
Between 1 and 5 years	1,674,497	103,171
More than 5 years	275,369	5,226
Total undiscounted lease liabilities	\$ 2,330,201	\$ 196,419
Lease liabilities included in the interim condensed consolidated statement of financial position	\$ 2,131,003	\$ 183,624
Current	317,743	81,586
Non-current	1,813,260	102,038

During the three-month period ended January 31, 2021, the Company signed a new seven-year lease for its head office located in Montréal, Canada. Fixed rent payments for this lease represent a total commitment of \$2.1 million over the term of the lease. The lease agreement contains two five-year renewal options. Since the Company is not reasonably certain to exercise these options, they have not been considered in the lease liability.

GURU ORGANIC ENERGY CORP.

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Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month periods ended January 31, 2021 and 2020

(Unaudited)

11. Earnings per share:

	Three-month periods ended	
	January 31, 2021	January 31, 2020
Net (loss) income	\$ (631,118)	\$ 441,943
Basic weighted average number of common shares	29,049,813	22,448,069
Basic (loss) earnings per share, also being diluted (loss) earnings per share	\$ (0.02)	\$ 0.02

For the periods ended January 31, 2021 and 2020, the diluted earnings per share calculation did not take into consideration the potential dilutive effect of the stock options, RSUs and DSUs as they are anti-dilutive.

12. Revenue and assets by geography:

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

Revenue	Three-month periods ended	
	January 31, 2021	January 31, 2020
Canada	\$ 5,486,910	\$ 4,396,662
United States	1,115,595	931,423
	\$ 6,602,505	\$ 5,328,085

Non-current assets other than deferred tax assets	January 31, 2021	October 31, 2020
	Canada	\$ 3,069,746
United States	188,655	210,876
	\$ 3,258,401	\$ 653,356

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Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month periods ended January 31, 2021 and 2020

(Unaudited)

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

	Three-month periods ended	
	January 31, 2021	January 31, 2020
Employee benefit expense	\$ 1,506,941	\$ 946,947
Depreciation and amortization	79,785	80,890

14. Net financial expenses:

	Three-month periods ended	
	January 31, 2021	January 31, 2020
Interest on long-term debt	\$ 2,990	\$ 8,957
Interest on line of credit	922	26,561
Interest on lease liabilities	2,345	3,645
Bank fees	23,573	13,896
Financing fees	11,390	48,452
Foreign exchange loss	7,291	9,760
Interest revenue	(20,086)	-
	\$ 28,425	\$ 111,271

15. Additional cash flow information:

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

	Three-month periods ended	
	January 31, 2021	January 31, 2020
Trade and other receivables	\$ 10,538	\$ 364,537
Income taxes receivable	(141,396)	(35)
Inventories	(1,693,265)	(603,502)
Prepaid expenses	122,411	38,524
Refundable investment tax credits	19,003	(36,249)
Accounts payable and accrued liabilities	(2,315,969)	(2,067,502)
Income taxes payable	(40,537)	91,050
	\$ (4,039,215)	\$ (2,213,177)

GURU ORGANIC ENERGY CORP.

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Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month periods ended January 31, 2021 and 2020

(Unaudited)

16. Stock-based incentive plan:

The Company may grant its key employees, directors and consultants stock options to purchase common shares, 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 January 31, 2021, 2,497,185 stock options, RSUs and/or DSUs were available for issuance (October 31, 2020 - 2,355,826). Changes in the number of outstanding options, RSUs and DSUs related to the Plan were as follows:

	Options		RSU		DSU	
	Number	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding as at October 31, 2020	534,970	\$ 4.27	–	\$ –	–	\$ –
Granted	6,513	21.94	5,436	21.94	2,736	21.94
Exercised	(1,259)	2.39	–	–	–	–
Compensation options granted to agents exercised	(140,600)	5.45	–	–	–	–
Outstanding as at January 31, 2021	399,624	\$ 4.14	5,436	\$ 21.94	2,736	\$ 21.94
Exercisable as at January 31, 2021	249,628	\$ 4.66	–	\$ –	–	\$ –
Outstanding as at October 31, 2019	53,624	\$ 2.63	–	\$ –	–	\$ –
Granted	163,343	2.39	–	–	–	–
Outstanding as at January 31, 2020	216,967	\$ 2.45	–	\$ –	–	\$ –
Exercisable as at January 31, 2020	–	\$ –	–	\$ –	–	\$ –

GURU ORGANIC ENERGY CORP.

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Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month periods ended January 31, 2021 and 2020

(Unaudited)

16. Stock-based incentive plan (continued):

During the three-month period ended January 31, 2021, stock-based compensation expense recorded in the interim condensed consolidated statements of (loss) income and comprehensive (loss) income for options granted amounted to \$11,528 (2020 - \$21,452), \$599 for RSUs (2020 - nil); and \$60,000 for DSUs (2020 - nil).

The fair value of the options granted during the three-month periods ended January 31, 2021 and 2020 was calculated using the Black-Scholes option model with the following assumptions and results:

	Three-month periods ended	
	January 31, 2021	January 31, 2020
Weighted average fair value of options at grant date	\$ 12.94	\$ 1.01
Weighted average share price	21.94	2.45
Risk-free interest rate	0.894%	1.65%
Dividend yield	—	—
Expected volatility	50%	35%
Expected life	10 years	9 years

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

The fair value of the RSUs and DSUs granted during the three-month period ended January 31, 2021 was based on the volume weighted average trading price of the Company's common shares for the five trading days preceding the grant date.

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Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month periods ended January 31, 2021 and 2020

(Unaudited)

17. Financial instruments:

Financial risks:

(a) Liquidity risk:

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

The following are the contractual maturities of financial obligations:

As at January 31, 2021	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Credit facilities	\$ -	\$ -	\$ -	\$ -	\$ -
Trade and other payables	5,061,472	5,061,472	5,061,472	-	-
Lease liabilities, including current portion ⁽ⁱ⁾	2,131,003	2,330,201	380,335	1,647,497	275,369
Long-term debt, including current portion ^{(i) (ii)}	210,000	217,650	217,650	-	-

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

⁽ⁱ⁾ Contractual cash flows include principal and interest.

GURU ORGANIC ENERGY CORP.

(formerly Mira X Acquisition Corp.)

Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month periods ended January 31, 2021 and 2020

(Unaudited)

17. Financial instruments (continued):

Financial risks (continued):

(a) Liquidity risk (continued):

- (ii) As at January 31, 2021, an interest rate of 4.95% (October 31, 2020 - 4.95%) 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 cash and cash equivalents and accounts receivable. Management believes the credit risk of its cash and cash equivalents is limited given that the Company deals with major North American financial institutions.

The Company provides credit to its clients in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts. However, the Company deals with a majority of well-established banners and distributors, thus reducing its credit risk. As of the current balance sheet date, 55% (October 31, 2020 - 50%) of accounts receivable are concentrated with three (October 31, 2020 - three) clients who represent together 43% (October 31, 2020 - 49%) of the period's sales. The Company does not normally require a guarantee.

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

GURU ORGANIC ENERGY CORP.

(formerly Mira X Acquisition Corp.)

Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month periods ended January 31, 2021 and 2020

(Unaudited)

17. Financial instruments (continued):

Financial risks (continued):

(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 three-month period ended January 31, 2021, no financial instruments were recorded at fair value and transferred between levels 1, 2 and 3.

18. Subsequent events:

(a) Exercise of compensation options:

In February 2021, the private placement agents and brokers exercised their remainder options, and, as a result, 184,199 options were exercised at the exercise price of \$5.45 per common share for total gross proceeds of \$1,003,885.

(b) Repayment of long-term debt outstanding:

Long-term debt was repaid in full on March 2, 2021.

GURU ORGANIC ENERGY CORP.

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Notes to Interim Condensed Consolidated Financial Statements (continued)

Three-month periods ended January 31, 2021 and 2020
(Unaudited)

18. Subsequent events (continued):

(c) Shares to be issued:

On February 3, 2021, the Company issued 73,080 common shares in connection with the exercise of options for which funds were received prior to the end of the period.