Management's Discussion and Analysis

For the first quarters ended January 31, 2021 and 2020

BASIS OF PRESENTATION

The following has been prepared for the purposes of providing management's discussion and analysis ("**MD&A**") of the consolidated financial position of GURU Organic Energy Corp. ("**GURU**" or the "**Company**") as at January 31, 2021, and the consolidated operating results of the Company for the period then ended.

This MD&A is dated March 16, 2021 and was prepared with information available at that date. In this MD&A, references are to the three-month periods ended January 31, 2021 and 2020. This document should be read in conjunction with the audited annual consolidated financial statements and notes thereto for the year ended October 31, 2020, and the unaudited interim condensed consolidated financial statements and notes thereto for the three-month periods ended January 31, 2021 and 2020. Discrepancies in recalculated amounts or percentages may occur due to rounding. All amounts in this MD&A are expressed in Canadian dollars unless otherwise indicated. The Company's unaudited interim condensed consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the financial information herein was derived from those statements.

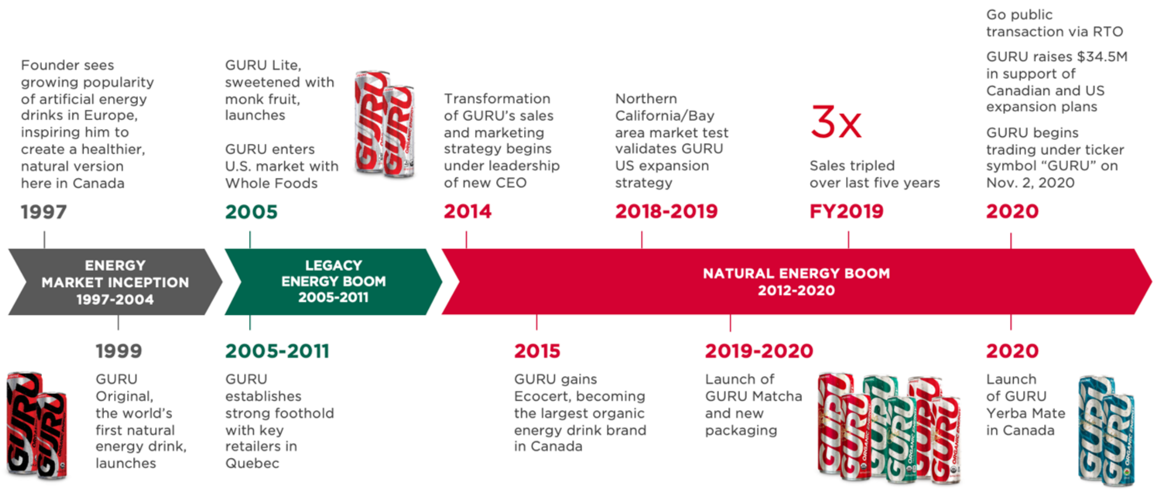
FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking statements" within the meaning of applicable Canadian securities legislation. Such forward-looking statements include, but are not limited to, information with respect to our objectives and the strategies for achieving those objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. Forward-looking statements are typically identified by the use of words such as "may", "would", "should", "could", "expect", "intend", "estimate", "anticipate", "plan", "foresee", "believe", or "continue", although not all forward-looking statements contain these words. Forward-looking statements are provided for the purposes of assisting the reader in understanding the Company and its business, operations, prospects and risks at a point in time in the context of historical and possible future developments, and the reader is therefore cautioned that such information may not be appropriate for other purposes. Forward-looking statements are based on assumptions and are subject to a number of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking statements. Those risks and uncertainties include the following, which are discussed in greater detail under "Risk Factors" in the Company's Annual Information Form for the year ended October 31, 2020, available on SEDAR at www.sedar.com: management of growth; reliance on key personnel; changes in consumer preferences; significant changes in government regulation; criticism of energy drink products and/or the energy drink market; economic downturn and continued uncertainty in the financial markets and other adverse changes in general economic or political conditions, as well as the COVID-19 pandemic or other major macroeconomic phenomena; global or regional catastrophic events; fluctuations in foreign currency exchange rates; revenues derived entirely from energy drinks; increased competition; relationships with co-packers and/or their ability to manufacture GURU's products; relationships with existing customers; changing retail landscape; increases in costs and/or shortages of raw materials and/or ingredients and/or fuel and/or costs of co-packing; failure to accurately estimate demand for its products; intellectual property rights; maintenance of brand image or product quality; retention of the full-time services of senior management; climate change; litigation; information technology systems; fluctuation of quarterly operating results; no assurance of continued profitability or positive EBITDA; and conflicts of interest. Certain assumptions were made in preparing the forward-looking statements concerning availability of capital resources, business performance, market conditions and consumer demand. Consequently, all of the forward-looking statements contained herein are qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the expected consequences or effects on our business, financial condition or results of operation. Unless otherwise noted or the context otherwise indicates, the forward-looking statements contained herein are provided as of the date hereof, and we do not undertake to update or amend such forward-looking statements whether as a result of new information, future events or otherwise, except as may be required by applicable law.

BUSINESS OVERVIEW

Our Story

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



Our Business

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

As at March 16, 2021, GURU had over 21,000 points of sale in Canada (primarily Quebec) and across the United States and was the only organic plant-based energy drink in Canada.

Our Market[1]

The North American energy drink industry is currently estimated at US $15 billion in annual sales, with energy drinks being the fastest growing category of non-alcoholic beverages, steadily gaining market share from soft drinks and juices. Over the last year, the energy drink category has seen 7.9% sales growth compared to 2.8% for total beverages.[2]

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

Retail sales of sports and energy drinks in Canada were forecast to reach about US $1.03 billion in 2022, an increase of about US $0.2 billion in sales since 2017.[3]

---

[1] Mintel, May 2020. Does not include the energy shots segment.
[2] Nielsen All Market Channels W/E 12/07/2019 – 01/09/2020.
[3] Statista (November 30, 2020).

The Market Opportunity

Millennials and Gen Z consumers account for 70% of consumption in the energy drink market. These two generations love energy drinks, but the ingredients list scares them. The North American market, which is currently dominated by two legacy brands that share about 75% of the market, is ready for disruption. Differentiated brands like GURU have started to grind that market share lead with new products aimed at solving the industry's biggest problem: its ingredients list.

The main differentiators for GURU's products are its clean list of organic plant-based ingredients and its brand name, GURU, one that is full of meaning (a mentor / teacher who helps you move forward and is a source of inspiration and good energy). We offer consumers healthy energy drinks that feel and taste like energy drinks without detriment to their health (no energy crashes or jitters, no artificial sweeteners, no synthetic caffeine yet similar caffeine content).

Our Strategy

GURU's current sales channel mix consists mainly of convenience stores and gas outlets, grocery and drug stores, and online sales. Online sales have experienced strong growth in the past year, in large part due to the impact of COVID-19 on consumers' shopping habits, and we anticipate this trend to continue.

GURU's methodical sales and marketing approach aims to maximize return on investment through appropriate top-of-funnel and bottom-of-funnel spend, depending on product distribution in each geographical region. We have invested significant marketing efforts in building brand awareness and trial through a proven strategy that has allowed us to build a loyal following (GURU Nation), become the #3 brand in our core market, Quebec, and experience 70% year-over-year retail sales growth in our largest channel, convenience and gas.

Financial Outlook

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

To achieve our growth objectives, we will heavily invest in sales and marketing over the next few years, which will impact our short-term profitability. However, over the longer term, our goal is to create sustained long-term shareholder value, which will allow us to improve our cost structure and achieve our long-term margin and profitability goals.

At the date of this MD&A, we started implementing our strategy to expand our sales channels in Canadian markets outside of Quebec and in the U.S. We will soon be launching our products in over 2,500 additional convenience stores and gas bars across Canada, namely in Circle K, Winks, On-the-Run, Husky, Petro-Canada, Needs Atlantic, and MacEwen Petroleum banners. We also launched our products in over 2,800 locations in the U.S., including 2,400 Rite Aid retail pharmacy locations and we have several commitments for other targeted launches in 2021 both in Canada and the U.S.

COVID-19

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

NON-IFRS FINANCIAL MEASURES

Adjusted EBITDA[4]

Adjusted EBITDA is a non-IFRS financial measure. Adjusted EBITDA is defined as net income or loss before reverse acquisition of Mira X expenses, income taxes, net finance expenses, depreciation and amortization, and stock-based compensation expense. We believe that adjusted EBITDA is a useful measure of financial performance because it provides an indication of the Company's ability to seize growth opportunities in a cost-effective manner, finance its ongoing operations and service its long-term debt.

Net cash[4]

Net cash is defined as bank overdraft, credit facilities, and long-term debt, including current portion less cash. We believe that net cash is an important measure when analyzing the significance of cash on the Company's statement of financial position.

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

MAIN HIGHLIGHTS

Q1 record revenue of $6.6M	**62% gross margin in Q1 2021**	**+$30 million of cash and credit facilities**
#3 brand in Québec	**over 21,000 points of sale in North America**	**13.6% market share in Québec[5]**

[4] Refer to reconciliation of net (loss) income to adjusted EBITDA and net cash sections of the MD&A.
[5] Nielsen: L52 period ending January 31, 2021 (Extreme Energy Drinks Grocery Drug Mass (GDM) + Convenience & Gas (C&G)) Quebec vs. same period YAGO

Q1 2021 HIGHLIGHTS

- Revenue increased by 24% or \$1.3 million to a record \$6.6 million, compared to \$5.3 million in Q1 2020.
- Gross profit totalled \$4.1 million, an increase of 16% or \$0.6 million compared to \$3.5 million in Q1 2020. Gross margin was 62% of revenue, compared to 66% in Q1 2020.
- Market share grew in Quebec, our core market, from 11.5% to 13.6% in the last 52-weeks ended January 31, 2021 versus the previous 52-weeks[6].
- Net loss of \$0.6 million in Q1 2021, compared to a net income of \$0.4 million in Q1 2020, mainly due to expansion set-up investments and public company costs.
- Cash flow used in operating activities of \$4.5 million, compared to \$1.5 million in Q1 2020.
- Adjusted EBITDA[7] of \$(0.4) million in Q1 2021, compared to \$0.8 million in Q1 2020.
- Subsequent to the quarter, GURU increased its presence in over 2,800 points of sale in the U.S., including 2,400 pharmacies and confirmed its upcoming launch in an additional 2,500 points of sale in Canada to reach over 21,000 in total.

[6] Nielsen: L52 period ending January 31, 2021 (Extreme Energy Drinks GDM+C&G) Quebec vs. same period YAGO.
[7] Refer to reconciliation of net (loss) income to adjusted EBITDA and net cash sections of the MD&A.

SELECTED QUARTERLY FINANCIAL INFORMATION[8]

The selected financial information below was derived from the Company's financial statements, prepared in accordance with IFRS, for the first quarters ended January 31, 2021 and 2020.

	Three-month periods ended			
	January 31, 2021		January 31, 2020	
(In thousands of Canadian dollars, except per share data)	$	% of revenue	$	% of revenue
Revenue	**6,603**	**100%**	5,328	100%
Cost of goods sold	2,506	38%	1,786	34%
Gross profit	**4,097**	**62%**	3,542	66%
Selling, general and administrative expenses	4,680	71%	2,882	54%
Net financial expenses	28	0%	111	2%
Reverse acquisition of Mira X expenses	25	0%	-	0%
(Loss) Income before income taxes	**(636)**	**-10%**	549	10%
Income taxes	(5)	0%	107	2%
Net (loss) income	**(631)**	**-10%**	442	8%
Basic and diluted (loss) earnings per share	$ (0.02)		$ 0.02	
Adjusted EBITDA[8]	(431)	-7%	762	14%
Cash flow used in operating activities	(4,519)		(1,508)	
Revenues by geography				
Canada	5,487	83%	4,397	83%
United States	1,116	17%	931	17%

	As at	
	January 31, 2021	October 31, 2020
Total assets	41,844	41,794
Net cash[8]	26,225	30,130

RECONCILIATION OF NET (LOSS) INCOME TO ADJUSTED EBITDA[8]

	Three-month periods ended	
	January 31, 2021	January 31, 2020
(In thousands of Canadian dollars)	$	$
Net (loss) income	(631)	442
Reverse acquisition of Mira X expenses	25	-
Net finance expenses	28	111
Depreciation and amortization	80	81
Income taxes	(5)	107
Stock-based compensation expense	72	21
Adjusted EBITDA	(431)	762

[8] Refer to reconciliation of net income (loss) to adjusted EBITDA and net cash sections of the MD&A.

RECONCILIATION OF NET CASH

	As at	
	January 31, 2021	October 31, 2020
(In thousands of Canadian dollars)	$	$
Credit facilities	-	13
Long-term debt	210	275
Cash	26,435	30,418
Net cash	26,225	30,130

RESULTS OF OPERATIONS FOR THE FIRST QUARTER OF FISCAL 2021

Revenue

Revenue increased by 24% or $1.3 million to $6.6 million, compared to $5.3 million for the three-month period ended January 31, 2020. The increase is due to sales growth in Canada (predominantly in Quebec) and in the U.S.

Gross profit and margin

Gross profit totalled $4.1 million, an increase of 16% or $0.6 million compared to $3.5 million for the three-month period ended January 31, 2020. Gross margin was 62% for the three-month period ended January 31, 2021, compared to 66% for the same period a year ago. The decrease in gross margin was due to enhanced promotional programs, and higher product costs driven by increased demand for ready-to-drink beverages since the onset of the COVID-19 pandemic.

Selling, general and administrative expenses

Selling, general and administrative expenses ("SG&A") include operational, sales, marketing and administration costs. These expenses amounted to $4.7 million or 71% of revenue for the three-month period ended January 31, 2021, an increase of 62% or $1.8 million compared to SG&A of $2.9 million or 54% of revenue for the same period a year ago. The increase in SG&A is the result of expansion plan set-up costs and additional costs associated with the operations of a public company.

Adjusted EBITDA[9]

Adjusted EBITDA was a loss of $0.4 million compared to earnings of $0.8 million last year. The decrease in adjusted EBITDA was due to higher SG&A, partially offset by the increase in gross profit.

Net financial expenses

Net financial expenses decreased to $28,425 from $111,271 for the same period a year ago, as the Company reimbursed the totality of its credit facilities since the closing of the private placement in October 2020.

Income taxes

The Company had an income tax recovery for the three-month period ended January 31, 2021 of $5,122 compared to an income tax expense of $106,771 for the three-month period ended January 31, 2020. The effective income tax recovery was less than the amount determined using the statutory rate due to unrecognized tax assets in the quarter.

Net (loss) income

Net loss for the first quarter of fiscal 2021 totalled $0.6 million or $(0.02) per share (basic and diluted), compared to a net income of $0.4 million or $0.02 per share (basic and diluted) for the same period a year ago. The majority of the net loss reflects the additional costs associated with operating as a public company and the set-up of our expansion plans, partially offset by lower financial costs.

[9] Refer to reconciliation of net income (loss) to adjusted EBITDA and net cash sections of the MD&A.

LIQUIDITY AND CAPITAL RESOURCES

Capital Management

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

Cash Flows

	Three-month periods ended	
	January 31, 2021	January 31, 2020
(In thousands of Canadian dollars)	$	$
Cash flow used in operating activities	(4,519)	(1,508)
Cash flow from financing activities	1,002	1,179
Cash flow used in investing activities	(456)	-
Effects of movements in exchange rate on cash held	(10)	0
Decrease in cash and cash equivalents	(3,983)	(329)
Cash and cash equivalents, beginning of the year	30,418	150
Cash and cash equivalents (bank overdraft), end of the year	26,435	(179)

Cash flow used in operating activities

For the first quarter of fiscal 2021, operating activities used cash flow of $4.5 million compared to $1.5 million in the first quarter of fiscal 2020. The increase in Q1 2021 is mainly due to the net loss in Q1 2021 and additional investments in working capital, namely in inventories.

Cash flow from financing activities

Financing activities generated cash flow of $1.0 million in the first quarter of 2021, compared to $1.2 million in the same quarter last year. The Q1 2021 financing cash inflows are principally attributable to the partial exercise of the compensation warrants by the private placement agents and brokers. In Q1 2020, the increase in cash flow was mainly due to the availability of additional credit facilities.

Cash flow used in investing activities

Investing activities used cash flow of $0.5 million in Q1 2021. No investing activities occurred in the same quarter in 2020. The variance is mainly due to investments in leasehold improvements.

Credit Facilities

The Company has an authorized line of credit of a maximum of $3 million and US$ 0.7 million, 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 a foreign exchange contract 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 $0.8 million for which an amount of EUR$0.3 million (CA$465,390) has been used as of January 31, 2021 (October 31, 2020 - CA$465,492).

Long-Term Debt

The Company also has a term loan with a remaining balance of $210,000 as of January 31, 2021, repayable in monthly payments of $10,000 in principal only plus interest at prime rate (2.45% as at October 31, 2020) plus 2.50%, maturing in October 2022. Subsequent to quarter end, the Company has repaid in full its long-term loan outstanding.

The credit facilities noted and the long-term debt above are secured by the universality of the Company's movable assets, a joint guarantee of 6384269 Canada Inc. to a maximum of $8 million, a joint guarantee of GURU Beverage Co. to a maximum of $8 million and a personal guarantee of shareholders for an amount of $646,667, renewable annually.

These credit facilities and the long-term debt are described in Notes 8 and 9 of the Interim Condensed Consolidated Financial Statements for the three-month periods ended January 31, 2021 and 2020 and are subject to certain conditions. As at January 31, 2021, the credit facilities were not used and one long-term debt was left to be paid as of January 31, 2021 and was fully paid on March 2, 2021 (refer to the Subsequent events section of this MD&A).

FINANCIAL POSITION

The following tables show the main variances that have occurred in the Company's financial position for the first quarter ended January 31, 2021:

(In thousands of Canadian dollars)	**January 31, 2021** $	**October 31, 2020** $	**Variance** $	**Significant contributions**
Cash and cash equivalents	26,435	30,418	(3,983)	Working capital, investments in expansion plans, and deposits for relocated head office leasehold improvements
Inventories	7,961	6,312	1,649	Increase due to revenue growth in Q1 2021 and increase of inventory on hand
Fixed assets	693	44	649	Increase mainly due to new leasehold improvements for its relocated head office
Right-of-use assets	2,133	206	1,927	Increase mainly due to new lease for its relocated head office
Accounts payable and accrued liabilities	5,061	7,345	(2,284)	Normal course of business, no longer bearing reverse takeover expense payables
Lease liabilities (including current portion)	2,131	184	1,947	Increase mainly due to new lease for its relocated head office

DIVIDEND POLICY

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

SELECTED QUARTERLY INFORMATION

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

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

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Revenue	**6,603**	6,115	6,595	4,062	5,328	4,050	5,808	4,136
Gross profit	**4,098**	3,705	4,351	2,441	3,542	2,636	3,953	2,725
(Net loss) Net income	**(631)**	(3,145)	1,236	(689)	442	(653)	1,065	253
Basic and diluted (loss) earnings per share	$ **(0.02)**	$ (0.11)	$ 0.06	$ (0.03)	$ 0.02	$ (0.03)	$ 0.05	$ 0.01

Factors affecting the variability of quarterly results
There are quarter-over-quarter variations in revenue that are caused by seasonality as well as sales and marketing campaigns. Exceptionally, the variation in Q2 2020 results versus Q1 2020 results is due to the start of the COVID-19 pandemic.

In addition, the results for Q1 2021 were negatively impacted by COVID-19 related restrictions and shutdowns, Q4 2020 included the $2.9 million cost of the reverse acquisition of Mira X, and Q2 2020 was also impacted by the onset of the COVID-19 pandemic and the operational adjustments that were required in response to it.

TRENDS AND SEASONALITY

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

FINANCIAL INSTRUMENTS

Liquidity Risk

Liquidity risk is the Company's ability to meet its financial obligations when they come due. The Company is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. It manages liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities, with the objective of maintaining a balance between continuity of funding and flexibility through borrowing facilities available through its bank and other lenders. The Company's policy is to ensure that it has adequate funding available from operations and other sources as required. The following are the contractual maturities of the Company's financial obligations, including principal and interest, as at January 31, 2021:

(In thousands of Canadian dollars)	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**1-5 years**	**More than 5 years**
Trade and other payables	5,061	5,061	5,061	-	-
Lease liabilities, including current portion	2,131	2,330	380	1,674	275
Long-term debt, including current portion	210	218	218	-	-

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. The credit risk of cash and cash equivalents 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 credit checks on its clients on a continuing basis and maintains provisions for contingent credit losses that, once they materialize, are consistent with management's forecasts. The Company deals with well-established banners and distributors, thus reducing its credit risk. As of the current balance sheet date, 55% (2020 – 50%) of accounts receivable are concentrated with three (2020 – three) clients who represent together 43% (2020 – 49%) of the year's sales. The Company does not normally require a guarantee.

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.

During the three-month period ended January 31, 2021, all else being equal, a hypothetical strengthening of 5.0% of the U.S. dollar against the Canadian dollar would not have a material impact on the Company's consolidated statement of income (loss) and comprehensive income (loss) for the three-month period ended January 31, 2021 and 2020.

Interest Rate Risk

The Company's credit facility and long-term debt bear interest at a variable rate based on the bank's prime rate plus a percentage. As a result, the Company is exposed to interest rate risk due to fluctuations in the bank's prime rate during the year.

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 net income.

UNRECOGNIZED DEFERRED TAX ASSETS

The Company has unused non-capital losses in the amount of $4.3 million (2020 - $3.9 million), of which $1 million have not been recognized. These unrecognized losses expire in 2041, and they are not recognized because management has determined that it is not probable of realizing the tax benefit in a group entity for which it does not expect profitable operations in the near future due to anticipated significant investment in growth and expansion.

The Company also has other unrecognized deductible temporary differences totalling $1.2 million.

OFF-BALANCE SHEET ARRANGEMENTS

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

SEGMENT REPORTING

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

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Please refer to Note 4 of the Interim Condensed Consolidated Financial Statements for the three-month periods ended January 31, 2021 and 2020 for further details.

STOCK-BASED INCENTIVE PLAN

On October 1, 2019, the Company created a stock option plan for its key employees, directors and consultants. This plan was dissolved upon the reverse acquisition of Mira X, as described in Note 1 of the Audited Annual Consolidated Financial Statements for fiscal 2020 and replaced by a new plan with same terms except for the addition of 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).

For the three-month period ended January 31, 2021, 6,513 stock options were granted at a weighted average exercise price of $21.94 per share, and 1,259 stock options were exercised at an exercise price of $2.39 per share. Moreover, during this period, 5,436 RSUs and 2,736 DSUs were also granted. Stock-based compensation expense recorded in the three-month period was $11,528 (2020 - $21,452) for stock options granted, $599 for RSUs (2020 - $0) and $60,000 for DSUs (2020 - $0).

Moreover, as at October 29, 2020, 324,799 compensation options were granted to GURU's private placement agents and brokers, exercisable only once GURU stock started trading on the TSX (i.e., on November 2, 2020); 140,600 compensation options were exercised at an exercise price of $5.45 per share during the first quarter of fiscal 2021. The remainder were exercised in February (refer to the subsequent events section of this MD&A).

OUTSTANDING SHARE DATA

	As at March 16, 2021
Shares outstanding	29,234,012
Stock options (average exercise price of $3.03 per share)	215,425
Restricted Share Units (average exercise price of $21.94 per share)	5,436
Deferred Share Units (average exercise price of $21.94 per share)	2,736
Fully diluted shares	29,457,609

USE OF PROCEEDS FROM PRIVATE PLACEMENT

On September 30, 2020, the Company completed a private placement and issued 6,330,750 common shares for aggregate gross proceeds of $34.5 million (including proceeds from the over-allotment option) and net proceeds of $29.2 million.

The following table shows the estimated use of proceeds, compared with the actual use of proceeds as at January 31, 2021:

(In thousands of Canadian dollars)	Actual use of proceeds	Estimated use of proceeds	Variance
Market expansion costs (including retailer listing and distribution fees, in-store materials, additional sales force and product broker fees)	$ 1,618	$ 12,000	$ (10,382)
Marketing and brand awareness	119	10,000	(9,881)
Product innovation investments / R&D	-	3,000	(3,000)
General working capital and corporate (including public company operating costs)	1,061	4,233	(3,172)
Remaining as at January 31, 2021	26,435	n/a	26,435
Total net proceeds	29,233	29,233	-
Reverse acquisition of Mira X expenses	2,941	2,941	-
Share issuance costs	2,329	2,329	-
Gross proceeds	$ 34,503	$ 34,503	$ -

RISK FACTORS

Please refer to the risk factors described in the "Risk Factors" section of the Company's Annual Information Form, dated January 20, 2021.

CONTROLS AND PROCEDURES

As a result of the Company's reverse acquisition of Mira X in Fiscal 2020, the Company is exempt from representations relating to the establishment and maintenance of disclosures controls and procedures (DC&P) and internal controls over financial reporting (ICFR), as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109).

SUBSEQUENT EVENTS

Exercise of Compensation Options

In February 2021, the private placement agents and brokers exercised their remaining 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.

Repayment of long-term debt

On March 2, 2021, the long-term debt was repaid in full.

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 quarter.