Management's Discussion and Analysis

For the years ended October 31, 2019, 2018 and 2017

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 6384269 Canada Inc. (doing business as GURU Beverage Co and GURU Beverage Inc.) ("**GURU**" or the "**Company**") as at October 31, 2019, and the consolidated operating results of the Company for the year then ended.

This MD&A and the related consolidated financial statements of the Company are a continuation of the MD&A and financial statements of GURU, the acquirer in the reverse takeover operation described in the "Subsequent Events" section of this MD&A. This MD&A is dated October 5, 2020, and was prepared with information available at that date. In this MD&A, references to fiscal 2019 are to the fiscal year ended October 31, 2019, references to fiscal 2018 are to the fiscal year ended October 31, 2018, and references to fiscal 2017 are to the fiscal year ended October 31, 2017. This document should be read in conjunction with the audited annual consolidated financial statements and notes thereto for the three-year period ended October 31, 2019. Discrepancies in recalculated amounts or percentages may occur due to rounding. All amounts in this MD&A are expressed in Canadian dollars unless otherwise indicated. All financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

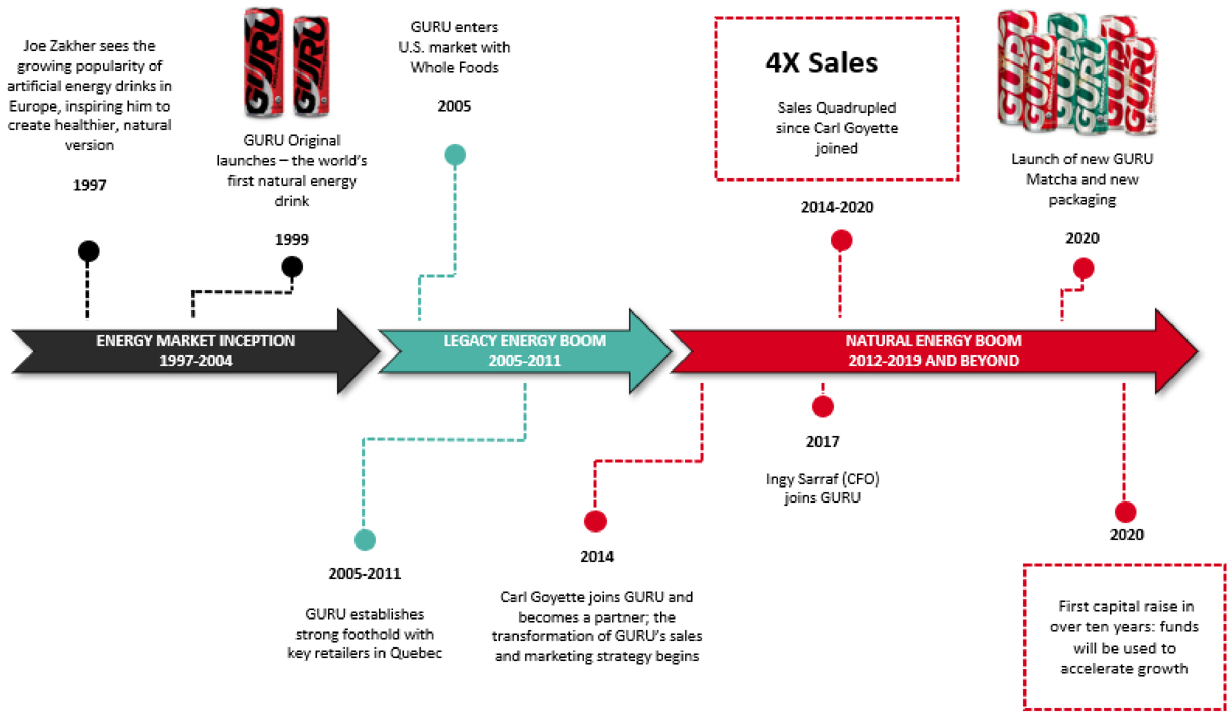
FORWARD-LOOKING STATEMENTS

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 listing statement for the year ended October 31, 2019, available on SEDAR at www.sedar.com: completion of the transactions and exchange approval; continued uncertainty in the financial markets; an economic downturn; adverse changes in general economic or political conditions; the COVID-19 pandemic; fluctuations in foreign currency exchange rates; increased competition; reliance on energy drinks as our sole source of revenues; changes in consumer preferences; the changing retail landscape; significant changes in government regulation; criticism of energy drink products and/or the energy drink market; reliance on co-packers to manufacture our products; our ability to maintain good relations with our existing customers; increases in costs and/or shortages of raw materials, ingredients, fuel and/or co-packing; failure to accurately estimate demand for our products; loss of intellectual property rights; our ability to retain senior management or to maintain brand image or product quality; climate change; our ability to achieve and manage growth; conflicts of interest; litigation; and catastrophic events. 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 wasn't 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's 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. Our corporate headquarters are located in Montreal, Quebec.

As at October 5, 2020, GURU had over 15,000 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 U.S. 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 U.S. energy drink industry is estimated to reach US $19.4 billion in sales by 2024, an 8.1% compound annual growth rate ("CAGR").

[1] Mintel, May 2020. Does not include the energy shots segment.

[2] Nielsen AMC W/E 12/07/2019 – 01/09/2020.

The Market Opportunity

Millennials and Gen Z 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 is ready for disruption. It is currently dominated by two legacy brands that share about 75% of the market. However, upcoming 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). We understand that getting closer to nature is the best way to connect to your own true nature.

Our Strategy

GURU's current sales channel mix consists mainly of convenience and gas outlets, grocery and drug stores and online sales. Online sales have experienced strong growth in the past year, especially with COVID-19, and we expect 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 20-year strategy that has allowed us to build a loyal following (GURU Nation), become the #3 brand in our legacy market, Quebec, and experience 70% year-over-year retail sales growth in our largest channel, convenience and gas.[3]

Financial Outlook

GURU's current proposed financing is paramount to achieving our mission of cleaning the energy drink industry and our goal of growing our business in Canada and the United States (see the Subsequent Events section at the end of this MD&A). Our legacy 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 for the next few years, which could temporarily weigh on 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.

In 2020, we continued gaining market share in Quebec, rapidly growing our online channel, and launching GURU in major U.S. conventional grocery and retail stores, such as Walmart, Albertsons/Safeway, Target and H-E-B, and we have commitments for other targeted launches in 2021.

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 address the outbreak. While the Company has experienced the impact of the COVID-19 outbreak on its operations, it continued to operate steadily during the current pandemic, as it is considered an essential service in Canada. As a result, the Company only suffered a negative impact on its overall business and operations at the peak of the pandemic. Subsequent to year end, the Company recognized payroll subsidies totalling $145,307 principally under the Canada Emergency Wage Subsidy program. However, the Company recovered quickly and resumed its accelerated growth in response to the trend in demand. The Company will continue to monitor the pandemic situation and continuously assess any potential further impact on its operations to avoid disruptions in customer supply. The Company has put in place multiple contingency plans to ensure its

[3] Nielsen L52 WE 7/18/20: Quebec C&G.

supply chain and general operations can be maintained with minimal disruption throughout the crisis. It is not clear what the impact of a prolonged pandemic would be on the Company's business.

NON-IFRS FINANCIAL MEASURES

Adjusted EBITDA and adjusted EBITDA Margin[4]

Adjusted EBITDA and adjusted EBITDA margin are both non-IFRS financial measures. Adjusted EBITDA is defined as net income or loss before income taxes, net finance costs, depreciation and amortization, and stock-based compensation, while adjusted EBITDA margin is defined as the percentage of adjusted EBITDA to revenues. We believe that adjusted EBITDA and adjusted EBITDA margin are useful measures of financial performance because they provide 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 debt[4]

Net debt is defined as bank overdraft, credit facilities, long-term debt and lease liabilities, including current portions less cash. We believe that net debt is an important measure when analyzing the significance of debt 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.

FISCAL 2019 MAIN NUMBERS

Revenues up 43% to $17.5 million	**66% gross margin**	**9.1% adjusted EBITDA margin[4]**
#3 brand Grocery, Drug & Mass channel in Quebec	**Over 15,000 points of sale**	**10.4% market share in Quebec**

OUR GOAL: REPLICATE OUR QUEBEC SUCCESS STORY ACROSS CANADA AND THE U.S.

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

FISCAL HIGHLIGHTS

- Revenue increased by 43.0% or $5.3 million to $17.5 million, compared to $12.2 million in fiscal 2018, and $10.3 million in fiscal 2017.
- Gross profit totalled $11.5 million, an increase of 46.8% or $3.7 million compared to $7.9 million in fiscal 2018 and $6.9 million in fiscal 2017. Gross margin was 66.0% of revenue, compared to 64.2% in fiscal 2018 and 66.8% in fiscal 2017.
- Net income of $0.7 million in fiscal 2019, compared to a net loss of $0.1 million in fiscal 2018 and net income of $0.3 million in fiscal 2017.
- Adjusted EBITDA[5] of $1.6 million in fiscal 2019, compared to $0.8 million in fiscal 2018 and $1.1 million in fiscal 2017.
- Adjusted EBITDA margin[5] of 9.1%, compared to 6.3% in fiscal 2018 and 10.9% in fiscal 2017.
- 45%[6] market share growth in Quebec in fiscal 2019 (from 7.2% to 10.4% market share).

SELECTED ANNUAL FINANCIAL INFORMATION[7]

The selected financial information below was derived from the Company's financial statements, prepared in accordance with IFRS, for the years ended October 31, 2019, 2018 and 2017.

	FISCAL 2019		**FISCAL 2018**		**FISCAL 2017**	
	October 31, 2019		October 31, 2018		October 31, 2017	
(In thousands of Canadian dollars, except per share amounts)	$	% of revenue	$	% of revenue	$	% of revenue
Revenue	17,499	100.0%	12,240	100.0%	10,303	100.0%
Cost of goods sold	5,956	34.0%	4,377	35.8%	3,420	33.2%
Gross profit	11,544	66.0%	7,863	64.2%	6,883	66.8%
Selling, general and administrative expenses	10,307	58.9%	7,360	60.1%	5,986	58.1%
Net financial expenses	271	1.5%	173	1.4%	232	2.3%
Income before income taxes	965	5.5%	330	2.7%	665	6.5%
Income taxes	260	1.5%	435	3.6%	368	3.6%
Net income (loss)	705	4.0%	(105)	-0.9%	297	2.9%
Basic and diluted earnings (loss) per share	28.76		(4.27)		12.10	
Adjusted EBITDA[5]	1,592	9.1%	769	6.3%	1,120	10.9%
Cash flow from operating activities	1,187	6.8%	516	4.2%	(172)	-1.7%
Revenues by geography						
Canada	13,230	75.6%	8,259	67.5%	6,671	64.7%
United States	4,269	24.4%	3,981	32.5%	3,632	35.3%
Total assets	7,671		5,646		5,292	
Net debt[5]	2,080		2,930		2,690	

[5] Refer to reconciliation of net income (loss) to adjusted EBITDA and net debt sections of the MD&A.
[6] Nielsen L52 all channels, period ending Nov 9, 2019
[7] Discrepancies in recalculated amounts or percentages may occur due to rounding.

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

	FISCAL 2019		FISCAL 2018		FISCAL 2017	
	October 31, 2019		October 31, 2018		October 31, 2017	
(In thousands of Canadian dollars)	$	% of revenue	$	% of revenue	$	% of revenue
Net income (loss)	705		(105)		297	
Net financial expenses	271		173		232	
Depreciation and amortization	296		266		223	
Income taxes	260		435		368	
Stock-based compensation	60		-		-	
Adjusted EBITDA	1,592	9.1%	769	6.3%	1,120	10.9%

RECONCILIATION OF NET DEBT[8]

	FISCAL 2019	FISCAL 2018	FISCAL 2017
	October 31, 2019	October 31, 2018	October 31, 2017
(In thousands of Canadian dollars)	$	$	$
Bank overdraft	-	152	66
Credit facilities	1,327	1,457	1,569
Long-term debt	605	935	665
Lease liabilities	298	386	390
Cash	(150)	-	-
Net debt	2,080	2,930	2,690

RESULTS OF OPERATIONS FOR THE YEAR ENDED OCTOBER 31, 2019

Revenue

Revenue increased by 43.0% or $5.3 million to $17.5 million, compared to $12.2 million in fiscal 2018. The increase is mainly due to market share growth in Canada (predominantly in Quebec) and single-digit growth in the U.S.

Gross profit and margin

Gross profit totalled $11.5 million, an increase of 46.8% or $3.7 million compared to $7.9 million in fiscal 2018. Gross margin was 66.0% in fiscal 2019, compared to 64.2% a year ago. The improvement in gross margin is due to a lower cost of goods sold, mostly attributable to raw materials and transport route optimization.

Selling, general and administrative expenses

Selling, general and administrative expenses ("SG&A") include operational, sales, marketing and administration costs. These expenses amounted to $10.3 million or 58.9% of revenue in fiscal 2019, an increase of 40.0% or $2.9 million compared to SG&A of $7.4 million or 60.1% of revenue a year ago. The improvement in SG&A as a percentage of revenue is due to efficiencies in secondary supply chain costs, which allowed for more in-store activation and support for execution excellence in our retailers' premises. The Company continues to offer constant marketing support in line with sales growth and is investing in process optimization to gear up for growth.

Adjusted EBITDA and adjusted EBITDA margin

Adjusted EBITDA was $1.6 million compared to $0.8 million last year, resulting in an adjusted EBITDA margin of 9.1% in fiscal 2019 versus 6.3% in fiscal 2018.

[8] Discrepancies in recalculated amounts or percentages may occur due to rounding.

Net financial expenses
Net financial expenses increased to $271,217 from $172,868 in fiscal 2018, as the Company incurred financing fees of $80,273 to explore several financing options and going-public alternatives and incurred financing costs to also support working capital growth.

Income taxes
Income taxes decreased to $260,437 in fiscal 2019 compared to $434,917 in fiscal 2018. The 2018 tax expense includes an adjustment to reduce deferred income tax assets by $367,239 as a result of the adoption of the US Tax Cut and Jobs Act in December 2017, which modified the US federal rate from 34% to 21%. Income tax expense in 2017 amounts to $368,292 and includes non-deductible charges and the effect of increases in tax rates combined with changes in estimates of the US tax provision.

Net income (loss)
Net income for the year totalled $704,721 or $28.76 per share (basic and diluted), compared to a net loss of $104,712 or $(4.27) per share (basic and diluted) a year ago.

RESULTS OF OPERATIONS FOR THE YEAR ENDED OCTOBER 31, 2018

Revenue
Revenue increased by $1.9 million to $12.2 million, compared to $10.3 million in fiscal 2017. The increase is due to the same trends as in fiscal 2019.

Gross profit and margin
Gross profit totalled $7.9 million, an increase of $1.0 million compared to $6.9 million in fiscal 2017. Gross margin was 64.2% in fiscal 2018, compared to 66.8% in fiscal 2017. The decrease in gross margin is due to higher costs of goods sold, mainly caused by new short-term co-packing changes.

Selling, general and administrative expenses
Selling, general and administrative expenses ("SG&A") include operational, sales, marketing and administration costs. These expenses amounted to $7.4 million or 60.1% of revenue in fiscal 2018, an increase of $1.4 million compared to SG&A of $6.0 million or 58.1% of revenue in fiscal 2017. The increase in SG&A is mostly due to exceptional product expiry costs in the US, and a rise in secondary supply chain costs.

Adjusted EBITDA and adjusted EBITDA margin
Adjusted EBITDA was $0.8 million compared to $1.1 million in fiscal 2017, resulting in an adjusted EBITDA margin of 6.3% in fiscal 2018 versus 10.9% in fiscal 2017.

Net financial expenses
Net financial expenses decreased to $172,868 from $232,397 in fiscal 2017, principally due to foreign exchange gains.

Income taxes
Income taxes increased to $434,917 in fiscal 2018 compared to $368,292 in fiscal 2017. In 2018 the US federal tax rate was modified and reduced from 34% to 21%, which contributed to reduce deferred tax assets and increase the income tax expense by $367,239. Income tax expense in 2017 includes non-deductible charges and the effect of increases in tax rates combined with changes in estimates of the US tax provision.

Net income (loss)
The Company incurred a net loss of $104,712 or $(4.27) per share (basic and diluted) in fiscal 2018, compared to a net income of $296,632 or $12.10 per share (basic and diluted) in fiscal 2017.

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 private financing, credit facilities and long-term debt, which are included in the Company's definition of capital. The Company manages its excess cash to ensure that it has sufficient reserves to fund its operations and capital expenditures.

Cash Flows[9]

	FISCAL 2019	FISCAL 2018	FISCAL 2017
	October 31, 2019	October 31, 2018	October 31, 2017
(In thousands of Canadian dollars)	$	$	$
Cash flow from operating activities	1,187	516	(172)
Cash flow from financing activities	(861)	(485)	(66)
Cash flow from investing activities	(22)	(117)	(15)
Effects of movements in exchange rate on cash held	(1)	1	(5)
Increase (decrease) in cash and cash equivalents and bank overdraft	302	(86)	(258)
Cash and cash equivalents, net of bank overdraft beginning of the year	(152)	(66)	191
Cash and cash equivalents, net of bank overdraft end of the year	150	(152)	(66)

Cash flow from operating activities

In fiscal 2019, operating activities generated cash flow of $1,187,003, compared to $515,946 in 2018 and cash flow use of $171,963 in 2017. The increase in fiscal 2019 is mainly due to the increase in net income. The increase in fiscal 2018 is mainly attributable to a reduction in working capital needs and other asset additions.

Cash flow from financing activities

Financing activities used cash flow of $861,444 in fiscal 2019, compared to $485,280 in 2018 and $65,568 in 2017. The variance in fiscal 2019 is principally attributable to the repayment of debt. The variance in fiscal 2018 is mostly due to the repayment of balance of share redemption.

Cash flow from investing activities

Investing activities used cash flow of $22,378 in fiscal 2019, compared to $117,090 in 2018 and $15,318 in 2017. The variance in fiscal 2019 is mainly due to the acquisition of intangible assets in 2018, partially offset by lease deposits in 2019. The variation in fiscal 2018 is principally due to the additions described above compared to 2017.

Credit Facilities

The Company has an authorized line of credit of a maximum amount of $1,500,000 and US$450,000, which can be used in the form of advances in Canadian dollars or in US dollars. These authorized lines of credit increased to $4,500,000 and US$1,000,000 subsequently to October 31, 2019. As at October 31, 2019, the line of credit was used in the form of Canadian dollar advances for an amount of $1,327,000 (2018 - $1,367,000; 2017 - $1,247,000; November 1, 2016 - $1,056,000) bearing interest at the prime rate (3.95% as at October 31, 2019) plus 1.5%, and in the form of American dollar advances for an amount of nil (2018 - $89,670; 2017 - $321,653; November 1, 2016 - nil) bearing interest at the US base rate (5.25% as at October 31, 2019) 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 October 31, 2019 (2018 - nil; 2017 - nil; November 1, 2016 - nil).

The credit facilities noted above are secured by the universality of the Company's movable assets, a joint guarantee of 6384269 Canada Inc. to a maximum of $3,000,000, a joint guarantee of GURU Beverage Co. to a maximum of $3,000,000 and a personal guarantee of shareholders for an amount of $646,667, renewable annually. These credit facilities are subject to certain conditions; as at October 31, 2019, these conditions were met.

[9] Discrepancies in recalculated amounts or percentages may occur due to rounding.

Long-Term Debt

The Company has a term loan facility for a maximum amount of $1,050,000. As at October 31, 2019, the availability under this facility was used for an amount of $605,000 (2018 - $935,000; 2017 - $665,000; November 1, 2016 - $1,008,333).

The Company has one term loan with a remaining balance of $245,000 as of October 31, 2019, repayable in monthly payments of $17,500 in principal only plus interest at prime rate (3.95% as at October 31, 2019) plus 2.50%, with additional repayments if free cash flows are available up to a maximum of $130,000, maturing in December 2020.

The Company also has a second term loan with a remaining balance of $360,000 as of October 31, 2019, repayable in monthly payments of $10,000 in principal only plus interest at prime rate (3.95% as at October 31, 2019) plus 2.50%, maturing in October 2022.

FINANCIAL POSITION[10]

The following tables show the main variances that have occurred in the Company's financial position for the years ended October 31, 2019 and 2018:

	October 31, 2019	October 31, 2018	Variance	Significant contributions
(In thousands of Canadian dollars)	$	$	$	
Receivables	2,607	1,605	1,002	Increase due to revenue growth in fiscal 2019
Inventories	2,948	1,784	1,164	Increase due to revenue growth in fiscal 2019
Credit facilities	1,327	1,457	(130)	Optimization of cash flow use
Accounts payable and accrued liabilities	2,865	1,066	1,799	Increase mainly due to changes in GURU branding and packaging and launch of new Matcha SKU in 2020
Lease liabilities (including current portion)	298	386	(88)	Payment of lease term liability
Long-term debt (including current portion)	605	935	(330)	Decrease due to annual payment on the long-term debt

	October 31, 2018	October 31, 2017	Variance	Significant contributions
(In thousands of Canadian dollars)	$	$	$	
Receivables	1,605	1,455	150	Increase due to revenue growth in fiscal 2018
Inventories	1,784	1,695	89	Increase due to revenue growth in fiscal 2018
Credit facilities	1,457	1,569	(112)	Optimization of cash flow use
Accounts payable and accrued liabilities	1,066	735	331	Increase mainly due to production closer to year end
Lease liabilities (including current portion)	386	390	(4)	Payment of lease term liability
Long-term debt (including current portion)	935	665	270	Increase in long-term debt for shareholder share repurchase and contrinued growth initiatives

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.

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

[10] Discrepancies in recalculated amounts or percentages may occur due to rounding.

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 October 31, 2019[11]:

(In thousands of Canadian dollars)	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Credit facilities	1,327	1,327	1,327	-	-
Trade and other payables	2,865	2,865	2,865	-	-
Lease liabilities, including current portion	298	317	178	138	-
Long-term debt, including current portion	605	651	359	291	-

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.

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, 47% of accounts receivable are concentrated with two clients who represent together 39% 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 year ended October 31, 2019, 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 years ended October 31, 2019, October 31, 2018, October 31, 2017 and as at November 1, 2016.

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.

[11] Discrepancies in recalculated amounts or percentages may occur due to rounding.

ADDITIONAL FINANCING REQUIREMENTS

As a result of realized and anticipated growth in its activities, planned investments in operations, marketing, logistics, new product development and the potential for continued operating losses, the Company may require additional financing in the future to realize the goals outlined in the "Financial Outlook" section of this MD&A.

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.

RELATED-PARTY TRANSACTIONS

A significant shareholder's management company is considered to be a related party of the Company. During the year ended October 31, 2019, the Company paid the management company fees of $233,553 (2018 – $225,305; 2017 – $181,250).

These transactions are recorded at the amount of consideration paid as established and agreed to by the related parties, which approximates market value.

STOCK-BASED COMPENSATION

On October 1, 2019, the Company created a stock option plan for its key employees, directors and consultants. The plan provides for the granting of stock options to purchase common shares of the Company. Options are generally subject to service vesting criteria of four years and expire ten years from the grant date. Under the plan, a maximum pool of 5% of the common shares outstanding have been reserved for issuance.

For the fiscal year ended October 31, 2019, 58.542 options were granted at a weighted average exercise price of $2,190 per option. Share-based compensation expenses for fiscal 2019 were $60,000, compared to nil in fiscal 2018.

OUTSTANDING SHARE DATA

As at October 5, 2020, the Company had 21,149 Class A shares outstanding, 3,307 Class B shares outstanding, and 235.871 stock options outstanding.

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 in the Audited Annual Consolidated Financial Statements for the years ended October 31, 2019, 2018 and 2017 for further details.

CHANGES IN ACCOUNTING POLICIES

In preparing its opening IFRS statement of financial position, GURU has adjusted amounts reported previously in financial statements prepared in accordance with Accounting Standards for Private Enterprises (ASPE). An explanation of how the transition from ASPE to IFRS has affected GURU's financial position, financial performance and cash flows can be found in Note 27 of the Audited Annual Consolidated Financial Statements for the years ended October 31, 2019, 2018 and 2017.

RISK FACTORS

Please refer to the risk factors described in the "Risk Factors" section of the Company's filing statement.

SUBSEQUENT EVENTS

COVID-19 Outbreak

Subsequent to year end, 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. 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**.**

Credit Facilities - Financing

Subsequent to year-end, the Company amended its credit facilities by increasing the Canadian line of credit from $1,500,000 to $4,500,000 and decreased the related interest rate from prime + 1.5% to prime + 1%. As for the U.S. credit facility, the limit increased from $592,380 (US$450,000) to $1,316,400 (US$1,000,000). In addition, the unused foreign exchange facility limit decreased from $1,050,000 to $550,000. A facility for the issuance of letters of credit and letters of guarantee was also added. None have been issued since the modification.

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.

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").

GURU 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 GURU (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 GURU'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 GURU, 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 GURU will hold approximately 28,732,446 Resulting Issuer Common Shares representing approximately 99.4% of the Resulting Issuer Common Shares (assuming the issuance of 6,330,750 Subscription Receipts pursuant to the Private Placement described below), and the shareholders of Mira X will hold 175,321 Resulting Issuer Common Shares representing approximately 0.6% of the outstanding Resulting Issuer Common Shares.

The parties also anticipate that in conjunction with and upon Closing, the board of directors of the Resulting Issuer will consist of no fewer than six (6) directors (the "New Directors"), each of whom will be nominated by GURU. The executive officers of the Resulting Issuer will be appointed by GURU and are expected to include GURU's current CEO, Carl Goyette, Founder & Executive Chairman, Joe Zakher, and Chief Financial Officer, Ingy Sarraf. The New Directors will be put forth and nominated at a meeting of Mira X's shareholders to be held on or about October 28, 2020. Following the Proposed Transaction and the Private Placement, certain directors and members of the management team will own more than 10% of the Resulting Issuer, namely Eric Graveline, director, (28.4%) and Joseph Zakher, Executive Chairman, (26.5%).

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, completion of the concurrent private placement described below, in addition to the approval from Mira X and GURU shareholders in addition to certain standard closing conditions, including there being no material adverse change in the business of Mira X or GURU 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, GURU closed a brokered private placement of 6,330,750 Subscription Receipts at $5.45 per receipt for gross proceeds of $34.5 million, 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 GURU (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 GURU 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.