MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three-month and nine-month periods ended July 31, 2024 and 2023

BASIS OF PRESENTATION

The following has been prepared for the purposes of providing management's discussion and analysis ("**MD&A**") of the interim condensed consolidated financial position of GURU Organic Energy Corp. ("**GURU**" or the "**Company**") as at July 31, 2024, and the interim condensed consolidated operating results of the Company for the period then ended.

This MD&A is dated September 11, 2024 and was prepared with information available to this date. In this MD&A, references to fiscal 2024 are to the fiscal year ended October 31, 2024, and references to fiscal 2023 are to the fiscal year ended October 31, 2023, and the unaudited interim condensed consolidated financial statements and notes thereto for the three-month periods ended July 31, 2024 and 2023. 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**") and the financial information herein was derived from those statements.

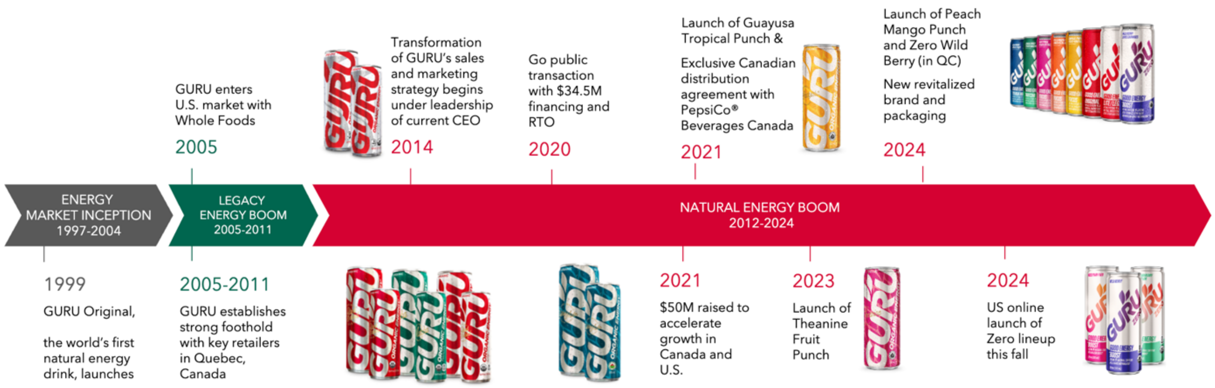
FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Such forward-looking information includes, but is not limited to, information with respect to the Company's objectives and the strategies to achieve these objectives, as well as information with respect to management's beliefs, plans, expectations, anticipations, estimates and intentions. This forward-looking information is identified by the use of terms and phrases such as "may", "would", "should", "could", "expect", "intend", "estimate", "anticipate", "plan", "believe", or "continue", the negative of these terms and similar terminology, including references to assumptions, although not all forward-looking information contains these terms and phrases. Forward-looking information is 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 therefore the reader is cautioned that such statements may not be appropriate for other purposes. Forward-looking information is based upon a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond management's control, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, the following risk factors, which are discussed in greater detail under the "RISK FACTORS" section of the annual information form for the year ended October 31, 2023: management of growth; reliance on key personnel; reliance on key customers; 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, the war in Ukraine and geopolitical developments, global inflationary pressure or other major macroeconomic phenomena; global or regional catastrophic events; fluctuations in foreign currency exchange rates; inflation; revenues derived entirely from energy drinks; increased competition; relationships with co-packers and distributors and/or their ability to manufacture and/or distribute GURU's products; seasonality; 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; history of negative cash flow and no assurance of continued profitability or positive EBITDA; repurchase of common shares; 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; risks associated with the PepsiCo distribution agreement; accounting treatment of the PepsiCo Warrants; conflicts of interest; consolidation of retailers, wholesalers and distributors and key players' dominant position; compliance with data privacy and personal data protection laws; management of new product launches; review of regulations on advertising claims, as well as those other risks factors identified in other public materials, including those filed with Canadian securities regulatory authorities from time to time and which are available on SEDAR+ at www.sedarplus.ca. Additional risks and uncertainties not currently known to management or that management currently deems to be immaterial could also cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. Although the forward-looking information contained herein is based upon what management believes are reasonable assumptions as at the date they were made, investors are cautioned against placing undue reliance on these statements since actual results may vary from the forward-looking information. Certain assumptions were made in preparing the forward-looking information concerning availability of capital resources, business performance, market conditions, and customer demand. Consequently, all of the forward-looking information contained herein is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that management anticipates will be realized or, even if substantially realized, that they will have the expected consequences or effects on the business, financial condition, or results of operation. Unless otherwise *noted or the context otherwise indicates, the forward-looking information contained herein is provided as of the date hereof, and management does not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.*

BUSINESS OVERVIEW

Our Story

Born out of Montréal's smart drink movement, GURU's founders drew their inspiration from the trend of blending energy-releasing plants and exotic combinations. Their goal was to provide consumers with a natural, plant-based, organic energy source, free from artificial ingredients. GURU, introduced in 1999 as the world's first natural energy drink[1], has been a growing success, reflecting the Company's commitment to healthier energy choices.



Our Business

GURU (TSX: GURU) is a thriving and dynamic beverage company headquartered in Montréal, Quebec. The Company specializes in the development, marketing, sales, and distribution of natural, plant-based (100% Crap Free™), organic energy drinks under the GURU brand. Manufacturing is outsourced to a network of established third-party co-packers, with GURU providing its production partners recipes, flavours, ingredient blends, cans, and raw materials sourced from various global suppliers.

As at September 11, 2024, GURU has established a solid market presence with its products available in about 25,000 retail locations across Canada and the United States. GURU's range of organic, plant-based energy drinks can also be easily purchased through Amazon and at www.guruenergy.com.

Our Market

Projections suggest that the US energy drink market is poised to exceed US$21 billion by 2026[2] presenting a promising landscape for energy drink brands. Over the past two decades, there has been a rapid surge in global energy drink consumption with these beverages offering diverse options that appeal to consumers of all ages - 34% of consumers aged 18-29 and 42% of consumers aged 30-49 claiming to consume them regularly[3]. The category is exceptionally dynamic, ranking among the top 10 in beverage innovation, accounting for 5% of launches in the US and 2% in Canada[4].

Energy drinks are the second fastest growing beverages after pre-mixed cocktails/coolers[5] and continue to represent over 30% of all packaged beverage sales[3]. Forecasts indicate this growth trajectory is set to extend into the next decade with an anticipated Compound Annual Growth Rate (CAGR) of 8% in North America from 2022 to 2031[6].

[1] Management's belief based on publicly available information.
[2] Research and Markets, October 2022.
[3] MedAlert, 20 Must-Know Energy Drink Statistics and Facts for 2023.
[4] Kerry 2022 Beverage Trends, Spotlight on Energy.
[5] The Food Institute, Growth Leaders in Evolving Beverage Landscape, 2022.
[6] Allied Market Research, Energy Drinks Market Size-Share-Growth.

A new trend has emerged in the energy drink industry in recent years: zero-sugar energy drinks. The global market for zero-sugar beverages, valued at US$3.5 billion in 2023, is poised to surge to approximately US$8.8 billion by 2030, reflecting a robust CAGR of 13.8% during the forecast period of 2023-2030. North America is the leading region with a value share of 38% in 2022[7].

The Market Opportunity[8]
The majority (70%) of energy drink consumption comes from Millennials and Gen Z consumers. Despite their strong preference for these beverages, growing concerns about ingredient safety are prompting a shift. In the North American market, currently dominated by two legacy brands holding a combined 70% market share, the stage is set for disruption. Innovators like GURU have started to grind that market share lead with plant-based products aimed at addressing the industry's most pressing issue: its list of ingredients. In doing so, GURU is emerging as a powerful player in transforming the energy drink landscape to meet the evolving preferences of Millennial and Gen Z consumers.

Not only is GURU's product line delivering good energy with great tasting flavours, but it also stands out due to its commitment to a clean roster of natural, plant-based, organic active ingredients, notably featuring natural caffeine with zero sucralose and zero aspartame, and more recently, with zero sugar. Positioned as an authentic, progressive and adventurous brand, GURU aspires to be a beacon of good energy. Offering consumers a refreshing departure from conventional energy drinks, GURU's beverages embody a health-conscious choice that competes with mainstream options without compromising on well-being or taste. With attributes such as long-lasting energy without the jittery side effects, certified organic composition, plant-based ingredients and the absence of artificial sweeteners, taurine and synthetic caffeine, GURU maintains a distinct profile while delivering a comparable caffeine content.

Our Strategy
GURU employs a comprehensive sales channel mix, encompassing convenience stores and gas stations, grocery stores, pharmacies, wholesale clubs, food service companies and online sales platforms in both Canada and the US. This strategic approach ensures that its products are readily available to consumers across a wide range of locations, meeting the demands of diverse markets.

On October 4, 2021, PepsiCo® Beverages Canada ("PepsiCo®") became the exclusive national Canadian distributor for GURU's plant-based energy drinks in the retail and food service channels. Through this partnership, PepsiCo® brings access to its best-in-class merchandizing, distribution and sales capabilities.

[7] Fairfield Market Research, Zero-Sugar Beverages Market.
[8] Energy Drink Report-Mintel, 2015.

GURU boasts a dedicated sales and marketing team overseeing operations across Canada and the US. The Company's strategic sales and marketing approach is meticulously tailored to optimize return on investment, adapting to the unique product distribution landscapes in different geographical regions. GURU places a strong emphasis on a well-defined top-of-funnel and bottom-of-funnel expenditure strategy, aligning with its commitment to precision in marketing efforts.

The Company has strategically invested substantial resources in cultivating brand awareness and driving product trial through a proven methodology. This approach has not only fostered a dedicated following, known as "GURU Nation," but has also propelled GURU to claim the coveted position of the #3 brand in its primary market of Quebec, surpassing industry benchmarks and affirming the effectiveness of its marketing strategy.[9]

Financial and Business Outlook

GURU successfully raised necessary funds in 2020 and 2021 to fuel brand expansion in Canada and the US and secured an exclusive Canadian distribution agreement with PepsiCo®. Although GURU's increased investments in sales and marketing have temporarily impacted the Company's financial performance, management anticipates that these strategic initiatives will play a crucial role in achieving GURU's goal of expanding its brand presence in the North American market, leading to sustained long-term value for shareholders.

GURU's success story in its primary market, Quebec, has been a testament to its growth potential. Management is keen on replicating and adapting this successful model throughout North America. With a focus on addressing the primary concerns of consumers – good energy, taste and the safety of energy drink ingredients – management envisions continued growth for GURU in the North American market.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Measurement of net revenue

Net revenue is measured as the fair value of consideration received net of refunds, discounts, rebates and other fees paid to customers. Revenue is recognized at a point in time, specifically when a customer takes possession of the goods, as it meets the criteria to satisfy the performance obligation. The Company uses judgment in estimating provisions for sale allowances, such as discounts, rebates, returns and other fees paid to customers. The product revenue recognized quarter-over-quarter is net of these estimated allowances. Such estimates require the need to make estimates about matters that are inherently uncertain. The Company's estimates are based on its historical claims as supplemented by management's judgment.

NON-GAAP AND OTHER FINANCIAL MEASURES

This MD&A includes certain non-GAAP and other supplementary financial measures to help assess GURU's financial performance. Those measures do not have any standardized meaning prescribed by IFRS. Management's method of calculating these measures may differ from the methods used by other issuers and, accordingly, GURU's definitions of these non-GAAP measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that non-GAAP financial measures should not be construed as an alternative to IFRS measures.

Adjusted EBITDA[10]

Adjusted EBITDA is defined as net income or loss before income taxes, net financial (income) expenses, depreciation and amortization, and stock-based compensation expense. This measure is a non-GAAP financial measure and is not an earnings or cash flow measure or a measure of financial condition recognized by IFRS. As such, it should not be construed as an alternative to "net income", as determined in accordance with IFRS, as an alternative to "cash flows from operating activities" as a measure of liquidity and cash flows or as an indicator of the Company's performance or financial condition.

[9] Nielsen: 52-week period ended July 13, 2024, Convenience & Gas (C&G)+Grocery+Drug+Mass Merchandisers (GBDRMM), Quebec
[10] Refer to reconciliation of net loss to adjusted EBITDA section of the MD&A.

The exclusion of net finance expense eliminates the impact on earnings derived from non-operational activities and the exclusion of depreciation, amortization and share-based compensation eliminates the non-cash impact of these items. Management believes that Adjusted EBITDA is a useful measure of financial performance without the variation caused by the impacts of the excluded items described above because it provides an indication of the Company's ability to seize growth opportunities in a cost-effective manner and finance its ongoing operations. Excluding these items does not imply that they are necessarily non-recurring. Management believes this measure, in addition to conventional measures prepared in accordance with IFRS, enable investors to evaluate the Company's operating results, underlying performance and future prospects in a manner similar to management. Although Adjusted EBITDA is frequently used by securities analysts, lenders and others in their evaluation of companies, it has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under IFRS.

Retail Consumer Scanned Sales

This indicator represents the total number of the Company's products that were "scanned" for purchase by end consumers in retail points of sale in the respective period. Management believes this indicator provides meaningful information as it serves as an indicator of actual sales to end consumers and a potential indicator of growth or potential future sales.

LATEST MARKET STATISTICS [11,12,13,14]

[11] Nielsen: 52-week period ended July 13, 2024, Convenience & Gas (C&G)+Grocery+Drug+Mass Merchandisers (GBDRMM), Quebec and Rest of Canada + untracked channel proxy for Quebec

[12] Market research conducted by element54 and Patterson Langlois for GURU in June 2021 with 1,500 participants in the province of Quebec.

[13] SPINS IRI data, 52-week period ended July 14, 2024, Total Natural channel excluding Sprouts, vs. same period year ago.

[14] SPINS Market Measurement Amazon.com, 52-week period ended June 16, 2024 vs. same period year ago.

Q3 2024 FINANCIAL HIGHLIGHTS

- Net revenue decreased by 10.6% to $7.9 million from $8.9 million in Q3 2023, mainly due to a decrease in retail shipments and the timing and execution of promotional activities in retail banners in Canada versus last year.
- US sales increased by 10.3% in Q3 2024 versus the same period last year, largely due to online sales traffic and ongoing sales optimization.
- Gross profit stood at $4.4 million, versus $4.5 million in Q3 2023. Gross margin[15] improved significantly to 55.4% of net revenue, compared to 51.2% in Q3 2023.
- SG&A expenses decreased by 13.2% to $7.0 million, versus $8.1 million in Q3 2023, as a result of streamlining and efficiencies in sales and lower marketing spend.
- Net loss narrowed to $2.2 million this quarter, an improvement of 25.8% versus Q3 2023.
- Strong online sales momentum experienced during Prime Day event on Amazon.com, where GURU exceeded last year's Prime Day with an impressive 76% growth over the same period.
- Adjusted EBITDA[17] loss of $2.2 million in Q3 2024, compared to a loss of $3.0 million in Q3 2023.
- Introduction of new 4-packs, including the two newest Punch flavors, Costco Quebec promotions, as well as a nationwide roadshow at Costco warehouses across Canada offering consumers special promotions to help combat inflation.
- Launch of the Zero product line in the US in Q4 2024 on Amazon, in select fitness clubs and retailers.

YEAR-TO-DATE HIGHLIGHTS

For the nine-month period ended July 31, 2024:

- Net revenue grew by 6.9% to $23.1 million, versus $21.6 million for the same period last year.
- Gross profit improved by 11.6% to $12.6 million, compared to $11.3 million for the same period a year ago. Gross margin improved to 54.8% of net revenue, compared to 52.5% in 2023.
- Net loss decreased by 18.3% to $6.8 million, compared to a net loss of $8.3 million for the same period last year.
- Adjusted EBITDA[17] loss of $6.9 million, versus a loss of $8.1 million for the same period last year.
- Strong financial position with cash and cash equivalents and short-term investments of $27.7 million and unused credit facilities of $10.0 million as of July 31, 2024.
- GURU's Quebec market share in both tracked and untracked channels has increased by 1 share point year-to-date, reaching 18.3% in units. GURU remains the #3 energy drink brand in Quebec.
- GURU is the #1 organic energy drink on Amazon in the US with 47% sales growth for the 52-week period ended June 16, 2024[16].

[15] Gross margin, a supplementary financial measure, is the result of gross profit divided by net revenue.
[16] SPINS Market Measurement Amazon.com, 52-week period ended June 16, 2024 vs. same period year ago.
[17] Refer to reconciliation of net loss to adjusted EBITDA section of the MD&A.

SELECTED FINANCIAL INFORMATION

The selected financial information below was derived from the Company's financial statements, prepared in accordance with IFRS, for the three-month periods ended July 31, 2024 and 2023.

	Three-month periods ended				Nine-month periods ended			
	July 31, 2024		July 31, 2023		July 31, 2024		July 31, 2023	
(In thousands of Canadian dollars, except per share data)	$	% of revenue	$	% of revenue	$	% of revenue	$	% of revenue
Net revenue	**7,940**	**100.0%**	8,878	100.0%	**23,087**	**100.0%**	21,602	100.0%
Cost of goods sold	3,538	44.6%	4,333	48.8%	10,439	45.2%	10,271	47.5%
Gross profit	**4,402**	**55.4%**	4,545	51.2%	**12,648**	**54.8%**	11,331	52.5%
Selling, general and administrative expenses	6,986	88.0%	8,050	90.7%	20,551	89.0%	20,834	96.4%
Net financial income	(371)	-4.7%	(512)	-5.8%	(1,164)	-5.0%	(1,259)	-5.8%
Loss before income taxes	**(2,213)**	**-27.9%**	(2,993)	-33.7%	**(6,739)**	**-29.2%**	(8,244)	-38.2%
Income taxes	17	0.2%	13	0.1%	21	0.1%	32	0.1%
Net loss	**(2,230)**	**-28.1%**	(3,006)	-33.9%	**(6,760)**	**-29.3%**	(8,276)	-38.3%
Basic and diluted loss per share	$ (0.07)		$ (0.09)		$ (0.22)		$ (0.26)	0.0%
Adjusted EBITDA[18]	**(2,221)**	**-28.0%**	(3,010)	-33.9%	**(6,872)**	**-29.8%**	(8,062)	-37.3%
Net revenue by geography								
Canada	6,412	81%	7,493	84%	17,386	75%	18,325	85%
United States	1,528	19%	1,385	16%	5,701	25%	3,277	15%

RECONCILIATION OF NET LOSS TO ADJUSTED EBITDA

	Three-month periods ended		Nine-month periods ended	
	July 31, 2023	July 31, 2022	July 31, 2023	July 31, 2022
(In thousands of Canadian dollars)	$	$	$	$
Net loss	(3,006)	(6,530)	(8,276)	(13,694)
Net financial income	(512)	(294)	(1,259)	(521)
Depreciation and amortization	312	234	857	643
Income taxes	13	17	32	57
Stock-based compensation expense	183	81	584	261
Adjusted EBITDA	**(3,010)**	(6,492)	**(8,062)**	(13,254)

RESULTS OF OPERATIONS

Net Revenue

In Q3 2024, net revenue was $7.9 million, compared to $8.9 million for the same quarter a year ago. The decline was mainly due to GURU's Canadian activities, slightly offset by US online growth. In Canada, sales decreased to $6.4 million from $7.5 million in Q3 2024 mainly due to lower shipments and the timing and execution of promotional activities in retail banners. US sales grew by 10.3% to $1.5 million from $1.4 million in Q3 2023, as a result of continued online sales growth.

For the nine-month period, net revenue increased by 6.9% to $23.1 million, from $21.6 million for the same period in 2023. The growth was mainly driven by stronger performance in the US wholesale club channel and online sales.

[18] Refer to reconciliation of net loss to adjusted EBITDA section of the MD&A.

Gross Profit and Margin
Gross profit stood at $4.4 million in Q3 2024, compared to $4.5 million in Q3 2023. Gross margin, which is comprised of distribution, selling and merchandising fees, amounted to 55.4% in Q3 2024, compared to 51.2% for the same period a year ago. The significant gross margin improvement was driven by pricing dynamics as well as a reduction in input costs.

For the nine-month period, gross profit totalled $12.6 million, compared to $11.3 million a year ago. Gross margin for the nine-month period ended July 31, 2024 was 54.8%, compared to 52.5% last year. The significant improvement resulted mainly from lower input costs.

Selling, General and Administrative Expenses
Selling, general and administrative ("SG&A") expenses include operational, sales, marketing and administration costs. SG&A expenses decreased to $7.0 million in Q3 2024, compared to $8.1 million for the same period a year ago. Selling and marketing expenses decreased to $4.0 million from $5.7 million in Q3 2023, a result of timing of selling expenses for in store promotional activities, and marketing efficiencies. General and administrative expenses increased to $3.0 million from $2.4 million in Q3 2023 primarily due to operational factors, along with costs associated with the appointment of new board members and the hiring of a new executive.

For the nine-month period ended July 31, 2024, SG&A amounted to $20.6 million, compared to $20.8 million a year ago. The decrease is primarily attributed to effective cost control measures stemming from the reduction in sales and marketing expenses in Q3 2024.

Net Financial Income
The Company generated net financial income of $370,582 in Q3 2024, compared to $511,730 for the same quarter a year ago, mainly due to continued return on cash equivalent balances on hand in Q3 2024.

For the first nine months of the year, net financial income decreased to $1,163,722 from $1,259,274 a year earlier. The reasons for the changes are consistent with those provided above for the three-month period ended July 31, 2024.

Income Taxes
The Company incurred a deferred income tax expense of $17,010 in Q3 2024 and $21,477 for the nine-month period ended July 31, 2024. This compares to $13,231 for the same quarter in 2023 and $31,823 for the nine-month period in 2023. The deferred income tax expense reflects the utilization of tax losses recognized as deferred tax assets against taxable US income.

Net Loss
Net loss totalled $2.2 million or $(0.07) per share (basic and diluted) in Q3 2024, compared to a net loss of $3.0 million or $(0.09) per share (basic and diluted) for the same quarter a year ago. The improved net loss reflects the lower sales and marketing expenses incurred in Q3 2024.

Net loss for the nine-month period totalled $6.8 million, or $(0.22) per share (basic and diluted) in 2024, compared to a net loss of $8.3 million or $(0.26) per share (basic and diluted) for the same period a year ago. The improved net loss is a result of higher gross profit and lower sales and marketing expenses.

Adjusted EBITDA[19]
Adjusted EBITDA was a loss of $2.2 million in Q3 2024, compared to a loss of $3.0 million for the same quarter in 2023. The decrease in Adjusted EBITDA loss this quarter was driven by lower sales and marketing expenses, while maintaining a relatively stable gross profit.

Adjusted EBITDA for the first nine months of the year was a loss of $6.9 million, compared to a loss of $8.1 million in 2023. The improvement in Adjusted EBITDA loss for the period was driven by stronger net revenue and gross profit, coupled with lower expenses.

[19] Refer to reconciliation of net loss to adjusted EBITDA section 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. The Company manages its excess cash to ensure that it has sufficient reserves to fund its operations and capital expenditures.

Cash Flows

	Nine-month periods ended	
	July 31, 2024	July 31, 2023
(In thousands of Canadian dollars)	$	$
Cash flow used in operating activities	(5,952)	(6,299)
Cash flow used in financing activities	(358)	(1,598)
Cash flow from investing activities	213	21,076
Effects of movements in exchange rate on cash held	(2)	(19)
(Decrease) Increase in cash and cash equivalents	(6,099)	13,160
Cash and cash equivalents, beginning of period	15,826	25,491
Cash and cash equivalents, end of period	9,727	38,651
Cash, cash equivalents, and short-term investments, end of period	**27,727**	**38,651**

Cash flow used in operating activities

For the nine-month period ended July 31, 2024, operating activities used cash of $6.0 million compared to $6.3 million for the same period last year. The decrease was mainly attributable to the reduction in net loss compared to the same period last year, partially offset by a smaller reduction in non-cash working capital.

Cash flow used in financing activities

Financing activities used cash flow of $358,384 in the nine-month period ended July 31, 2024, compared to $1.6 million used for the same period last year. The decrease was mainly due to the smaller share buy-back in 2024 under the normal course issuer bid program.

Cash flow from investing activities

Investing activities generated cash flow of $213,245 in the nine-month period ended July 31, 2024, compared to $21.1 million generated for the same period last year. The decrease was primarily due to short-term investments sold and transferred to cash and cash equivalents in Q2 2023.

Credit Facilities

On March 31, 2021, the Company signed a committed revolving operating credit facility of a maximum authorized amount of $10 million, the maturity of which was extended for an additional year twice, first in the second quarter of fiscal 2022 and then at the beginning of the third quarter of fiscal 2024, pushing the maturity date from March 30, 2024 to March 30, 2026. As at July 31, 2024, the credit facility was not used (October 31, 2023 – nil).

The Company also has an uncommitted credit facility that can be used in the form of foreign exchange contracts or interest rate swaps for a maximum amount of US$500,000 (October 31, 2023 – US$500,000). This credit facility was not used as at July 31, 2024 (October 31, 2023 – nil).

The Company has a letter of credit for a maximum available of $2.5 million for which an amount of EUR600,000 (CA$896,940) was used as of July 31, 2024 (October 31, 2023 – EUR600,000 (CA$881,520)).

The credit facilities noted above are secured by a movable hypothec on the universality of the Company's present and future assets located in the province of Quebec to a maximum of $25 million, a first ranking security on all present and future property in all other Canadian provinces and in the United

States and an unlimited corporate guarantee of its US subsidiary. These credit facilities are subject to certain financial covenants, which were met as at July 31, 2024.

FINANCIAL POSITION

The following table shows the main variances that have occurred in the Company's financial position as at July 31, 2024:

(In thousands of Canadian dollars)	**July 31, 2024** $	**October 31, 2023** $	**Variance** $	**Significant contributions**
Cash and cash equivalents	9,727	15,826	(6,099)	Investment in operating cash flows: market development and marketing plans
Inventories	6,441	5,999	442	Normal fluctuations in inventory - prior to high seasonality periods, new product innovation market launches and production timing.
Lease liabilities (including current portion)	1,258	1,911	(653)	Repayment and early termination of lease liabilities

The Company has over $27.7 million in cash and cash equivalents and short-term investments and unused credit facilities of a maximum authorized amount of $10 million as at July 31, 2024.

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)

	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Net revenue	7,940	8,001	7,146	7,687	8,878	7,713	5,011	6,783
Gross profit	4,402	4,465	3,782	4,104	4,545	4,098	2,689	3,533
Net loss	(2,230)	(2,673)	(1,858)	(3,686)	(3,006)	(2,657)	(2,613)	(3,871)
Basic and diluted loss per share	$ (0.07)	$ (0.09)	$ (0.06)	$ (0.12)	$ (0.09)	$ (0.08)	$ (0.08)	$ (0.12)

** Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.*

Factors Affecting the Variability of Quarterly Results

There are quarter-over-quarter variations in net revenue that are caused by seasonality as well as sales and marketing campaigns.

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 first quarter, and somewhat lower in winter, from the start of the first quarter through the middle of the second quarter. These trends can also vary due to the success of GURU's marketing campaigns and product launch initiatives. In contrast, the US market, with its overall warmer climate, generally does not exhibit the same level of seasonal sales trends as Canada.

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 holds cash in high interest saving accounts bearing interest at 5.3% and fixed-rate short-term investments bearing interest at 6.0% with major North American financial institutions.

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 July 31, 2024:

(In thousands of Canadian dollars)	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Accounts payable and accrued liabilities	7,885	7,885	7,885	-	-
Lease liabilities, including current portion	1,258	1,326	404	922	-

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, 94% (2023 – 93%) of accounts receivable are concentrated with two (2023 – two) clients who represent together 73% and 70% of the three-month and nine-month periods' net revenue, respectively (2023 – 76% and 75%).The Company does not normally require a guarantee for its trade receivables.

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. At period-end, the Company's exposure to net monetary assets denominated in foreign currencies was not significant to the Company's financial position.

Interest Rate Risk
The Company's credit facility and cash equivalents bear interest at a variable rate based on the bank's prime rate plus a margin. At period-end, the facility was unused.

Derivative Financial Instrument Risk
The Company uses derivative financial instruments occasionally. All derivative financial instruments are recorded at their fair values. Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in income immediately. Refer to note 23 of the Consolidated Financial Statements for the years ended October 31, 2023 and 2022 for further information.

UNRECOGNIZED DEFERRED TAX ASSETS

The Company has unused non-capital losses in the amount of $45.9 million (2023 – $39.2 million), of which $43.8 million has not been recognized. These unrecognized losses expire between 2027 and 2043 and are not recognized because it is not probable in the near-term, under accounting standards, that future taxable profit will be available against which the Company can use the benefits therefrom.

The Company also has other unrecognized deductible temporary differences totalling approximately $2.0 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 net revenues or expenses, results of operations, liquidity or capital resources that are material. 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.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the interim condensed 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, net revenues and expenses. Actual results may differ from these estimates. Please refer to note 4 of the Consolidated Financial Statements for the years ended October 31, 2023 and 2022 for further details.

STOCK-BASED COMPENSATION

The omnibus incentive plan (the "Plan") provides for the granting of options to purchase common shares, Restricted Share Units ("RSUs") and Deferred Share Units ("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. Please refer to note 22 of the Consolidated Financial Statements for the years ended October 31, 2023 and 2022 for further details.

OUTSTANDING SHARE DATA

	As at September 11, 2024
Shares outstanding	30,315,564
PepsiCo warrants (exercise price of $16.69 per share)	1,650,000
Stock options (average exercise price of $2.57 per share)	1,062,622
Restricted Share Units (average granted price of $3.25 per share)	158,599
Deferred Share Units (average granted price of $4.37 per share)	127,781
Fully diluted shares	**33,314,566**

As of July 20, 2022, the Company received authorization to repurchase for cancellation up to 500,000 common shares, representing approximately 1.5% of the Company's outstanding shares as of July 14, 2022. This authorization was initially valid from July 25, 2022, to July 24, 2023.

The authorization was subsequently renewed for two additional years:

- From July 25, 2023, to July 24, 2024, the Company was authorized to repurchase for cancellation up to 1,593,560 common shares, representing approximately 5% of the Company's outstanding shares as of July 17, 2023.

- From July 25, 2024, to July 24, 2025, the Company is authorized to repurchase for cancellation up to 1,515,778 common shares, representing approximately 5% of the Company's outstanding shares as of July 19, 2024.

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

For the nine-month period ended July 31, 2024, the Company repurchased and cancelled 9,222 common shares. The number of shares outstanding as of June 12, 2024 includes the share buy-back and cancellation of 9,222 common shares pursuant to the Company's normal course issuer bid.

USE OF PROCEEDS FROM FINANCING

July 2021 Private Placement and Bought Deal Financing

On July 6, 2021, the Company completed a private placement, a bought deal financing and issued 3,097,594 common shares for aggregate gross proceeds of $49.6 million and net proceeds of $46.7 million. The following table shows the estimated use of proceeds, compared with the actual use of proceeds as at July 31, 2024:

(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)	1,616	10,814	(9,198)
Marketing and brand awareness	15,226	28,000	(12,774)
Product innovation investments / R&D	2,168	5,000	(2,832)
General working capital and corporate (including public company operating costs)	-	2,923	(2,923)
Remaining as at July 31, 2024	27,727	-	27,727
Total net proceeds	46,737	46,737	-
Share issuance costs	2,825	2,825	-
Gross proceeds	49,562	49,562	-

RISK FACTORS

Please refer to the risk factors described in the "Risk Factors" section of the Company's Annual Information Form dated January 24, 2024.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

In accordance with National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, the Company has filed certificates signed by the Chief Executive Officer and the Chief Financial Officer ("Certifying Officers") that, among other things, reported on the design and operating effectiveness of disclosure controls and procedures ("DC&P") and the design and operating effectiveness of internal control over financial reporting at October 31, 2023.

DISCLOSURE CONTROLS AND PROCEDURES ("DC&P")

The Company has designed DC&P to provide reasonable assurance that material information relating to the Company is made known to the Certifying Officers and that information required to be disclosed to satisfy the Company's continuous disclosure obligations is recorded, processed, summarized, and reported within the time periods specified by applicable Canadian securities legislation. Management, under the supervision of the Certifying Officers, has evaluated the effectiveness of the DC&P and based on that evaluation, the Certifying Officers have concluded that the DC&P were effective as at October 31, 2023.

INTERNAL CONTROLS OVER FINANCIAL REPORTING ("ICFR")

The Certifying Officers have designed ICFR or have caused them to be designed under their supervision to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In designing and evaluating internal controls, it should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements.

The control framework used to design the Company's ICFR is based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on Internal Control – Integrated Framework (2013 framework).

There were no changes to the Company's ICFR for the period beginning May 1, 2024 and ending July 31, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.