

# MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three-month and nine-month  
periods ended July 31, 2025 and 2024



## **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 July 31, 2025, and the consolidated operating results of the Company for the period then ended.

This MD&A is dated September 10, 2025 and was prepared with information available to this date. In this MD&A, references to fiscal 2025 are to the fiscal year ended October 31, 2025, and references to fiscal 2024 are to the fiscal year ended October 31, 2024, and the unaudited interim condensed consolidated financial statements and notes thereto for the three-month and nine-month periods ended July 31, 2025 and 2024. 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 IFRS Accounting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and the financial information herein was derived from those statements.

## **FORWARD-LOOKING INFORMATION**

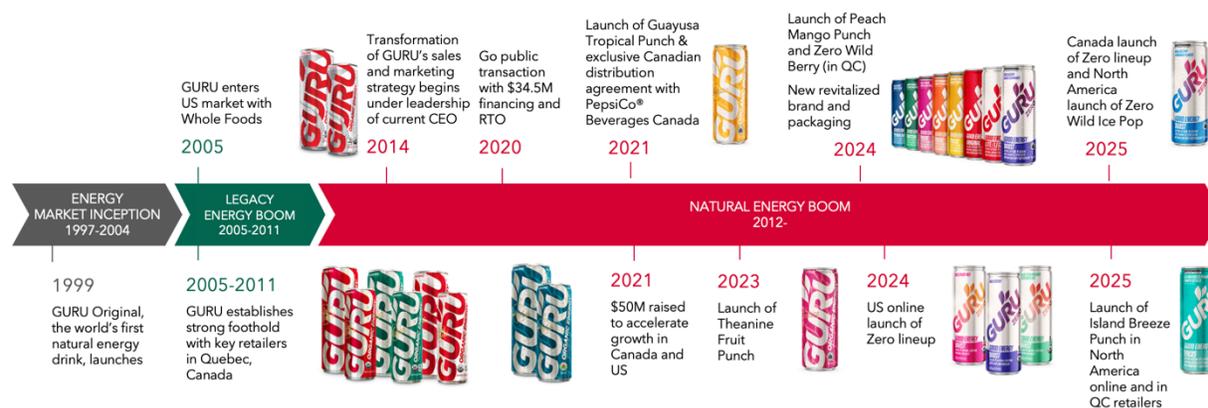
*This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Such forward-looking information includes, but is not limited to, information with respect to the Company's objectives and the strategies to achieve these objectives, as well as information 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, 2024: 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 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; changes in government policies and international trade regulations; termination of the PepsiCo distribution agreement and the return to a direct distribution model; 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; use of third-party marketing, including celebrities and influencers; review of regulations on advertising claims, as well as those other risk 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](http://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<sup>1</sup>, 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 10, 2025, 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](http://www.guruenergy.com).

### Our Market

Projections suggest that the US energy drink market is poised to exceed US\$22 billion by 2026<sup>2</sup> 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<sup>3</sup>. 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<sup>4</sup>.

A powerful shift toward zero-sugar energy drinks is reshaping the category. In the United States, zero-sugar varieties now account for over 50% of total category sales in the MULO (multi-outlet: food, drug, mass) channel and are growing at twice the rate of the overall category. In Canada, while the segment is smaller—representing just under 30% of category sales across convenience, grocery, drug, and mass channels—it is expanding at nearly three times the rate of the broader category, underscoring strong

<sup>1</sup> Management's belief based on publicly available information.

<sup>2</sup> Circana, Last 52 weeks ending May 19, 2024.

<sup>3</sup> MedAlert, 20 Must-Know Energy Drink Statistics and Facts for 2023.

<sup>4</sup> Kerry 2022 Beverage Trends, Spotlight on Energy.

consumer momentum. This trend reflects the increasing demand for better-for-you options and reinforces GURU's strategic focus on clean, zero-sugar innovation<sup>5</sup>.

### **Consumer Trends and Opportunities**

The energy drink category is undergoing meaningful transformation, driven by the evolving values of Millennial and Gen Z consumers, who together account for 70% of total category consumption in both Canada and the US.<sup>6</sup> These cohorts are increasingly drawn to brands that prioritize transparency, sustainability, and clean, functional ingredients—creating clear disruption opportunities in a market still dominated by two legacy players that hold a combined 60%+ share<sup>7</sup>. With its 100% organic, plant-based energy platform and zero-sugar innovation, GURU is uniquely positioned to meet the demands of today's health-conscious, purpose-driven consumers.

GURU's product line offers a refreshing alternative to conventional energy drinks, delivering long-lasting energy without jittery side effects. With clean, organic and plant-based active ingredients – including natural caffeine, zero sucralose, zero aspartame, and, most recently, zero sugar – GURU meets the growing demand of health-conscious consumers. This commitment not only aligns with consumer values, but also differentiates GURU as a progressive and adventurous brand in the energy drink space.

By embodying attributes such as certified organic ingredients and the absence of artificial sweeteners, taurine, and synthetic caffeine, GURU is building trust and loyalty among consumers seeking authenticity and well-being. This approach positions GURU as a key player in transforming the energy drink landscape while fostering a foundation for long-term growth and brand equity.

### **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 platforms across Canada and the US. This diverse approach ensures that GURU products are accessible to a wide audience while meeting the demands of different market segments.

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 consumer following, known as "Good Energy Crew", but has also propelled GURU to claim the coveted position of the #3 brand in its primary market of Quebec, affirming the effectiveness of its marketing strategy.

On May 22, 2025, GURU transitioned back to its proven direct distribution model in Canada—a model that drove the Company's growth from 1999 to 2021. Following the end of its distribution agreement with PepsiCo Canada, GURU has regained greater flexibility and control over its brand. Concurrently, the Company has expanded its internal sales team and reestablished direct partnerships with select distributors who share GURU's vision for clean energy innovation and growth potential.

Key elements of GURU's strategy include:

- **Direct retailer relationships:** Strengthen retailer engagement to enhance visibility, promotional activities, and inventory management.
- **Channel-specific focus:** Leverage insights from wholesale club roadshows and other consumer engagement activities to optimize wholesale, grocery and premium retail strategies.
- **Digital excellence:** Continue to support US sales momentum by investing in data-driven campaigns and expanding the reach of the Zero Sugar line on platforms such as Amazon.

<sup>5</sup> SPINS USA MULO, latest 52 weeks ending November 3, 2024; Nielsen C&G+Grocery+Drug+Mass, latest 52 weeks ending November 4, 2024

<sup>6</sup> Dig Insights Brand Health Study, October 2024, Canada and US, n=4,000

<sup>7</sup> Nielsen (Canada, National C&G + Grocery + Drug + Mass), 52 weeks ending July 12, 2025; SPINS (USA MULO - Food + Drug + Mass), 52 weeks ending July 13, 2025.

## **Financial and Business Outlook**

GURU remains focused on returning to profitability by prioritizing gross margin improvement, disciplined cost control and targeted growth in key markets. The planned conclusion of the PepsiCo distribution agreement marks a strategic transition that aligns with GURU's long-term vision. By returning to its proven direct distribution model, GURU is well positioned to maintain uninterrupted service, strengthen brand control and advance its expansion goals in Canada and the United States.

Management anticipates that these strategic initiatives will continue to play a pivotal role in expanding GURU's brand presence in North America. While the planned conclusion of the PepsiCo agreement represents a shift in strategy, it aligns with GURU's historical strengths in wholesale and direct distribution. This transition is expected to enhance operational flexibility and efficiency, enabling GURU to reinvest in core growth areas and deepen relationships with retailers and consumers.

## **Leadership in Quebec**

GURU continues to invest in its core market and replicate successful marketing strategies to further entrench its leadership position, while exploring opportunities to expand these practices across Canada and the United States.

For fiscal 2025, the Company is focusing on:

- Strengthening its footprint in the US market, particularly in urban centers and online channels.
- Optimizing direct distribution in Canada to align with consumer preferences and retailer needs.
- Leveraging product innovation, such as the Zero Sugar line, to capture demand in the fast-growing health-conscious energy drink segment.

The transition to direct distribution represents an opportunity to enhance flexibility, strengthen brand control and unlock long-term value for stakeholders while maintaining uninterrupted service to retailers and consumers.

## **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 sales 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<sup>8</sup>**

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.

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 and underlying performance 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.

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<sup>8</sup> Refer to reconciliation of net income (loss) to adjusted EBITDA section of the MD&A.



# LATEST MARKET NEWS

## STRONG MOMENTUM IN THE U.S. AND ONLINE

### Consumer Scan Sales Growth Highlights<sup>9</sup>

TOTAL U.S. NATURAL & WHOLE FOODS COMBINED

 **24%** (L52W)

### Amazon Success<sup>10</sup>

 **96%**  
PRIME DAY GROWTH  
vs. 2024  
RECORD MONTH IN GURU  
AMAZON HISTORY

## KEY WINS IN CANADA

### Solid #3 Brand in Quebec<sup>11,12</sup>

25% of consumers purchased GURU in last 6 months

**Leading in brand affinity:** 59% vs. category's 39%

### Innovation Success<sup>13</sup>

QUEBEC (2022-2023-2024-YTD 2025)

**RANKED #1**

2025 Zero launches stand at a combined 2.4% share in L4W

### Amazon Success<sup>10</sup>

 **40%**  
PRIME DAY GROWTH  
vs. 2024  
RECORD MONTH IN GURU AMAZON HISTORY

<sup>9</sup> SPINS IRI data, 12-week period ended July 13, 2025, Total Natural channel excluding Sprouts, vs. same period a year ago, and WHOLE FOODS MARKET data, 12-week period ended August 3, 2025 vs. same period a year ago

<sup>10</sup> Amazon Scanned Sales, YTD ending July 31, 2025, vs. the same period a year ago

<sup>11</sup> Nielsen, YTD period ended July 12, 2025 All Channels, Canada vs. same period a year ago

<sup>12</sup> Dig Insights Brand Health Survey, Quebec, October 2024

## Q3 2025 FINANCIAL HIGHLIGHTS

- **Record net revenue of \$10.4 million**, compared to \$7.9 million in Q3 2024, an increase of 31.4%. Growth reflects replenishment of retailer pipelines for the peak summer season, supported by innovation launches and recovery from Q2 retail out-of-stocks. Results also include a one-time change in estimate related to the termination of the Canadian exclusive distribution agreement.
- **Record Amazon performance** with July becoming the highest sales month to date in Canada and the U.S. Prime Day sales increased 40% in Canada and 96% in the U.S. compared to July 2024. Consumer metrics were also strong, with record customer counts and significant growth in new-to-brand consumers.
- **Gross margin<sup>13</sup> improved significantly to 71.3%**, reflecting both the benefits of the Company's new business model and a one-time accounting adjustment tied to a change in estimate following the termination of the exclusive distribution contract in Canada. Excluding this adjustment, gross margin reached 65.9%, up from 55.4% in Q3 2024, driven by improved pricing strategies, and timing of promotional activity.
- **SG&A expenses decreased 9.4%**, demonstrating continued progress in cost optimization and operational discipline.
- **Profitable quarter with net income of \$1.3 million**, compared to a net loss of \$2.2 million in Q3 2024. This represents the Company's first profitable quarter since going public in 2020 and the highest quarterly net income in its history.

## BUSINESS HIGHLIGHTS

- **Expanded Canadian distribution network** during the quarter, broadening GURU's reach into traditional food retailers as well as sports, outdoors, and natural food store channels.
- **Launch of the GURU Zero line** in Canada, including Zero Wild Berry, Wild Ruby Red, and Wild Ice Pop. A fourth flavour, Zero Wild Strawberry Watermelon, was introduced in Quebec retailers and online in Q3. The **line is delivering efficiency gains and strong consumer resonance**, supported by marketing engagement well-above industry benchmarks.
- **Advanced brand identity evolution sparking digital and social engagement** that powered standout content and media performance. These efforts translated into record Amazon sales, stronger consumer acquisition and improved digital reach.
- **Introduced in Q4:** GURU Island Breeze Punch in Quebec retailers and online across North America, along with the GURU Zero 18 Variety Pack rotation in Canadian wholesale clubs. Early sell-through has exceeded expectations, with replenishment orders already placed.

<sup>13</sup> Gross margin, a supplementary financial measure, is the result of gross profit divided by net revenue.

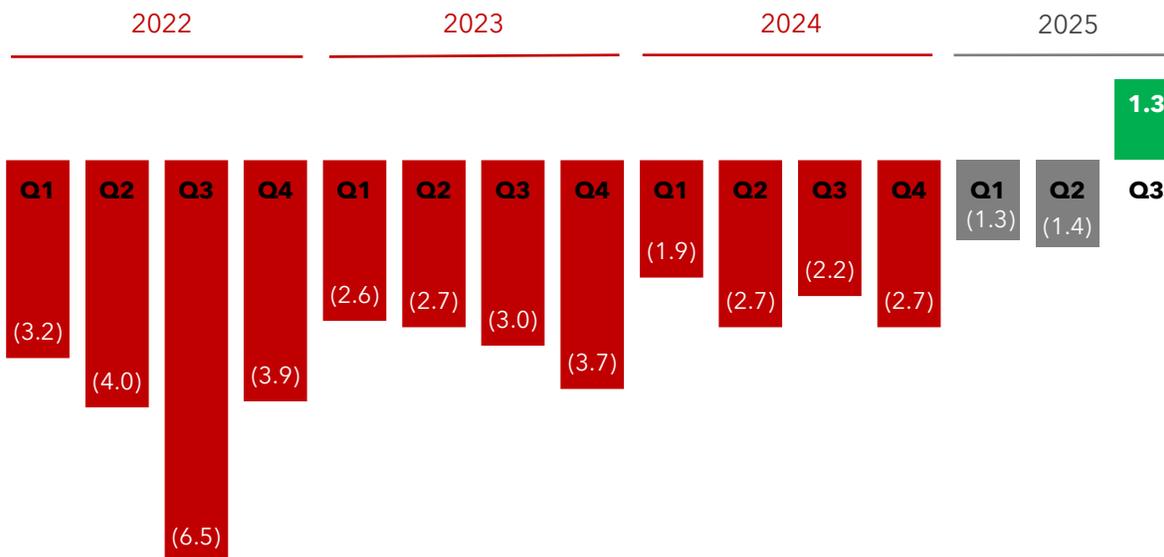
<sup>14</sup> Refer to reconciliation of net income (loss) to adjusted EBITDA section of the MD&A.

## YEAR-TO-DATE HIGHLIGHTS

- **Net revenue of \$24.6 million, up 6.7% year-over-year.** Excluding the prior-year U.S. wholesale club rotation, net revenue grew 13.5%, underscoring the underlying strength of GURU's core operations.
- **Gross profit of \$15.9 million, up 25.7%,** with gross margin expanding to 64.5% from 54.8% last year, reflecting efficiency gains and disciplined promotional activity.
- **Net loss improved 79.1% to \$1.4 million,** compared to \$6.8 million in 2024, reflecting improved profitability and disciplined expense management.
- **Adjusted EBITDA loss improved 89.6% to \$0.7 million,** compared to \$6.9 million in the prior year, demonstrating continued progress toward sustainable profitability.
- **Strong financial position** with \$24.2 million in cash, cash equivalents, and short-term investments, and \$10.0 million in unused credit facilities as of July 31, 2025.

## PATH TO PROFITABILITY

(in M\$)



## SELECTED FINANCIAL INFORMATION

The selected financial information below was derived from the Company's financial statements, prepared in accordance with IFRS, for the three- and nine-month periods ended July 31, 2025 and 2024.

	Three-month periods ended				Nine-month periods ended			
	July 31, 2025		July 31, 2024		July 31, 2025		July 31, 2024	
	\$	% of revenue	\$	% of revenue	\$	% of revenue	\$	% of revenue
<i>(In thousands of Canadian dollars, except per share data)</i>								
<b>Net revenue</b>	<b>10,435</b>	<b>100.0%</b>	7,940	100.0%	<b>24,626</b>	<b>100.0%</b>	23,087	100.0%
Cost of goods sold	2,999	28.7%	3,538	44.6%	8,733	35.5%	10,439	45.2%
<b>Gross profit</b>	<b>7,436</b>	<b>71.3%</b>	4,402	55.4%	<b>15,893</b>	<b>64.5%</b>	12,648	54.8%
Selling, general and administrative expenses	6,328	60.6%	6,986	88.0%	17,903	72.7%	20,551	89.0%
Net financial income	(209)	-2.0%	(371)	-4.7%	(659)	-2.7%	(1,164)	-5.0%
<b>Pre-tax income (loss)</b>	<b>1,317</b>	<b>12.6%</b>	(2,213)	-27.9%	<b>(1,351)</b>	<b>-5.5%</b>	(6,739)	-29.2%
Income taxes	19	0.2%	17	0.2%	64	0.3%	21	0.1%
<b>Net income (loss)</b>	<b>1,298</b>	<b>12.4%</b>	(2,230)	-28.1%	<b>(1,415)</b>	<b>-5.7%</b>	(6,760)	-29.3%
Basic income (loss) per share	\$ 0.04		\$ (0.07)		\$ (0.05)		\$ (0.22)	
Diluted income (loss) per share	\$ 0.04		\$ (0.07)		\$ (0.05)		\$ (0.22)	
<b>Adjusted EBITDA<sup>15</sup></b>	<b>1,550</b>	<b>14.9%</b>	(2,221)	-28.0%	<b>(714)</b>	<b>-2.9%</b>	(6,872)	-29.8%
<b>Net revenue by geography</b>								
Canada	8,656	83%	6,412	81%	18,776	76%	17,386	75%
United States	1,779	17%	1,528	19%	5,850	24%	5,701	25%

## RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDA<sup>15</sup>

	Three-month periods ended		Nine-month periods ended	
	July 31, 2025	July 31, 2024	July 31, 2025	July 31, 2024
	\$	\$	\$	\$
<i>(In thousands of Canadian dollars)</i>				
<b>Net income (loss)</b>	1,298	(2,230)	(1,415)	(6,760)
Net financial income	(209)	(371)	(659)	(1,164)
Depreciation and amortization	206	227	693	690
Income taxes	19	17	64	21
Stock-based compensation expense	236	136	603	341
<b>Adjusted EBITDA</b>	<b>1,550</b>	<b>(2,221)</b>	<b>(714)</b>	<b>(6,872)</b>

## RESULTS OF OPERATIONS

### Net Revenue

Net revenue totaled \$10.4 million in Q3 2025, the highest in the Company's history, compared to \$7.9 million in Q3 2024. This growth reflects GURU's strong performance in Canada, where sales increased by 31.4%, supported by innovation launches and the replenishment of retailer pipelines following the end of the Company's former exclusive distribution agreement. Results also include a one-time change in estimate related to the termination of this agreement. U.S. sales grew 16.4%, reaching \$1.8 million compared to \$1.5 million in Q3 2024, driven by strong sales velocity and innovation momentum across key online and retail accounts.

For the nine-month period ended July 31, 2025, net revenue was \$24.6 million compared to \$23.1 million for the same period a year ago. Excluding the prior year U.S. wholesale club rotation, net revenue grew 13.5%, demonstrating the underlying strength in GURU's core operations.

<sup>15</sup> Refer to reconciliation of net income (loss) to adjusted EBITDA section of the MD&A.

### **Gross Profit and Margin**

Gross profit for Q3 2025 was \$7.4 million, up from \$4.4 million in Q3 2024. Gross margin reached 71.3%, reflecting the benefits of the Company's new business model and a one-time change in estimate related to the termination of the Canadian exclusive distribution agreement. Excluding this adjustment, gross margin was 65.9%, compared to 55.4% in Q3 2024, driven by improved pricing strategies, efficiencies, and timing of promotional activity.

For the nine-month period, gross profit increased 25.7% to \$15.9 million, compared to \$12.6 million a year earlier. Gross margin expanded to 64.5% (62.3% excluding the one-time change in estimate related to the termination of the Canadian exclusive distribution agreement), compared to 54.8% in 2024.

### **Selling, General and Administrative Expenses**

SG&A expenses totaled \$6.3 million in Q3 2025, down 9.4% from \$7.0 million in Q3 2024. As a percentage of net revenue, SG&A expenses decreased significantly, reflecting continued discipline in operating and marketing costs.

- Sales and marketing expenses were \$3.3 million, down 15.7% from \$4.0 million last year, representing 32.0% of net revenue (versus 49.9% in Q3 2024). This reduction reflects more targeted and efficient marketing investments.
- Operations, administration, and other expenses were stable at \$3.0 million, demonstrating continued control over fixed costs.

For the nine-month period, SG&A expenses totaled \$17.9 million, down 12.9% from \$20.6 million last year. Sales and marketing expenses decreased 21.6% to \$9.5 million, representing 38.5% of net revenue (versus 52.4% a year ago). Operations, administration, and other expenses were slightly lower at \$8.4 million compared to \$8.5 million in 2024.

### **Net Financial Income**

Net financial income was \$0.2 million in Q3 2025, compared to \$0.4 million in Q3 2024, mainly due to lower returns on cash balances.

For the nine-month period, net financial income totaled \$0.7 million, down from \$1.2 million last year.

### **Income Taxes**

The Company recorded an income tax expense of \$19,355 in Q3 2025, compared to \$17,010 in Q3 2024, reflecting higher U.S. taxable income.

For the nine-month period, deferred income tax expense was \$64,401, compared to \$21,477 a year ago, mainly due to the reversal of a deferred tax asset and increased U.S. taxable income.

### **Net Income (Loss)**

The Company generated net income of \$1.3 million in Q3 2025, or \$0.04 per share (basic and diluted), compared to a net loss of \$2.2 million, or \$(0.07) per share, in Q3 2024. This marks the Company's first profitable quarter since its IPO in 2021 and the highest quarterly net income in its history.

For the nine-month period, net loss improved 79.1% to \$1.4 million, or \$(0.05) per share, compared to a net loss of \$6.8 million, or \$(0.22) per share, a year ago.

### **Adjusted EBITDA<sup>16</sup>**

Adjusted EBITDA was \$1.6 million in Q3 2025, compared to a loss of \$1.5 million in Q3 2024, driven by higher net revenues, margin expansion, an adjustment due to a change in estimate, and disciplined expense management.

<sup>16</sup> Refer to reconciliation of net income (loss) to adjusted EBITDA section of the MD&A.

For the nine-month period, Adjusted EBITDA loss improved to \$0.7 million, compared to \$6.9 million in 2024, an 89.6% improvement, reflecting progress on profitability, operating leverage, and disciplined cost control.

## 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, 2025	July 31, 2024
<i>(In thousands of Canadian dollars)</i>	\$	\$
Cash flow used in operating activities	(965)	(5,952)
Cash flow used in financing activities	(917)	(358)
Cash flow used in (from) investing activities	(14,392)	213
Effects of movements in exchange rate on cash held	(5)	(2)
Decrease in cash and cash equivalents	(16,279)	(6,099)
Cash and cash equivalents, beginning of period	25,511	15,826
Cash and cash equivalents, end of period	9,232	9,727
<b>Cash, cash equivalents, and short-term investments, end of period</b>	<b>24,232</b>	<b>27,727</b>

#### Cash flow used in operating activities

For the nine-month period ended July 31, 2025, operating activities used \$1.0 million in cash, a significant improvement from a \$6.0 million outflow in the same period last year. This was primarily driven by a lower net loss.

#### Cash flow used in financing activities

Financing activities resulted in a cash outflow of \$0.9 million in the first nine months of the year, compared to \$0.4 million used for the same period last year.

#### Cash flow used in (from) investing activities

Investing activities used \$14.4 million in cash for the nine-month period ended July 31, 2025, compared to \$0.2 million generated in the same period last year. The decrease is mainly due to the purchase of short-term investments in 2025.

### Credit Facilities

On March 31, 2021, the Company signed a committed revolving operating credit facility of a maximum authorized amount of \$10 million expiring March 30, 2026. As at July 31, 2025, the credit facility was not used (October 31, 2024 - 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\$100,000 (October 31, 2024 - US\$500,000). This credit facility was not used as at July 31, 2025 (October 31, 2024 - nil).

The Company has a letter of credit for a maximum of \$2.5 million, for which an amount of EUR300,000 (CA\$474,600) was used as of July 31, 2025 (October 31, 2024 - EUR600,000 (CA\$907,320)).

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, 2025.

## FINANCIAL POSITION

The following table shows the main variances that have occurred in the Company's financial position as at July 31, 2025:

<i>(In thousands of Canadian dollars)</i>	<b>July 31, 2025</b>	<b>October 31, 2024</b>	<b>Variance</b>	<b>Significant contributions</b>
	\$	\$	\$	
Cash and cash equivalents	9,232	25,511	(16,279)	Decrease primarily due to reallocation of funds into short-term investments.
Short-term Investments	15,000	-	15,000	Increase reflects investment in fixed-rate GICs.
Trade and other receivables	6,018	4,283	1,735	Increase mainly driven by higher sales during the quarter and timing of collections in the normal course of business.
Accounts payable and accrued liabilities	8,177	7,040	1,137	Increase reflects timing of payables.
Lease liabilities (including current portion)	1,028	1,516	(488)	Decrease due to repayments and early termination of lease obligations.

The Company has over \$24.2 million in cash, cash equivalents, short-term investments and unused credit facilities of a maximum authorized amount of \$10 million as at July 31, 2025.

## 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)*

	<b>Q3 2025</b>	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Net revenue	10,435	6,496	7,695	7,155	7,940	8,001	7,146	7,687
Gross profit	7,436	3,879	4,579	4,087	4,402	4,465	3,782	4,104
Net income (loss)	1,298	(1,429)	(1,284)	(2,650)	(2,230)	(2,673)	(1,858)	(3,686)
Basic income (loss) per share	\$ 0.04	\$ (0.05)	\$ (0.04)	\$ (0.09)	\$ (0.07)	\$ (0.09)	\$ (0.06)	\$ (0.12)
Diluted income (loss) per share	\$ 0.04	\$ (0.05)	\$ (0.04)	\$ (0.09)	\$ (0.07)	\$ (0.09)	\$ (0.06)	\$ (0.12)

### 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 3.25% and fixed-rate short-term investments bearing interest at 3.13% and 3.55% 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, 2025:

<i>(In thousands of Canadian dollars)</i>	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>More than 5 years</b>
Accounts payable and accrued liabilities	8,177	8,177	8,177	-	-
Lease liabilities, including current portion	1,028	1,069	444	625	-

### 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, 65% (2024 - 94%) of accounts receivable are concentrated with three (2024 - two) clients who represent together 37% and 16% of the three-month and nine-month periods' net revenues, respectively (2024 - 73% and 70%). 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 26 of the Consolidated Financial Statements for the years ended October 31, 2024 and 2023 for further information.

**Tariff and Other Trade Measures Risks**

Following recent global trade developments, including tariff-related announcements by the United States and retaliatory measures by Canada and other jurisdictions, the Company continues to monitor the evolving trade environment and its potential effects on its supply chain and cost structure.

Although the Company is not currently subject to any implemented tariffs that materially affect its operations, management is assessing the possible direct and indirect impacts of tariffs, and other trade protectionist actions in the jurisdictions in which it operates. Given the inherent uncertainty and fluidity of international trade policies, the Company will continue to evaluate developments and respond accordingly.

**UNRECOGNIZED DEFERRED TAX ASSETS**

The Company has unused non-capital losses in the amount of \$49.6 million (October 31, 2024 - \$48.2 million), of which \$47.7 million has not been recognized. These unrecognized losses expire between 2027 and 2044 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 \$2.4 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 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, 2024 and 2023 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, 2024 and 2023 for further details.

## OUTSTANDING SHARE DATA

	<b>As at September 10, 2025</b>
Shares outstanding	30,068,586
Warrants (exercise price of \$16.69 per share) <sup>(1)</sup>	1,650,000
Stock options (average exercise price of \$2.25 per share)	1,065,227
Restricted Share Units (average granted price of \$1.75 per share)	651,985
Deferred Share Units (average granted price of \$3.17 per share)	111,858
Fully diluted shares	33,547,656

<sup>(1)</sup> In 2021, the Company issued 1,650,000 contingent warrants to PepsiCo Canada, each exercisable, once vested, at a price of \$16.69 per share, upon the occurrence of specific triggering events, as defined in the related warrant agreement. These events include a change of control and meeting certain sales volume thresholds, which were not met as at July 31, 2025. It is the Company's position that, in the context of, and the circumstances relating to, the now-terminated distribution agreement, none of the warrants are or will be exercisable in the future. The warrants have been valued at nil.

From July 25, 2025, to July 24, 2026, the Company is authorized to repurchase for cancellation up to 1,514,144 common shares, representing approximately 5% of the Company's outstanding shares as of July 14, 2025.

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

For the three-month and nine-month periods ended July 31, 2025, the Company has repurchased and cancelled 324,420 and 328,988 common shares, respectively. The number of shares outstanding as of September 10, 2025 includes the share buy-back and cancellation of 328,988 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, 2025:

*(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)	2,358	10,814	(8,456)
Marketing and brand awareness	17,979	28,000	(10,021)
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, 2025	24,232	-	24,232
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 22, 2025.

## 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, 2024.

## 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.

## 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, 2025 and ending July 31, 2025 that have materially affected, or are reasonably likely to materially affect, the Company’s ICFR.

