

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 April 30, 2023, and the consolidated operating results of the Company for the three- and six-month periods then ended.

This MD&A is dated June 13, 2023 and was prepared with information available to this date. This document should be read in conjunction with the audited annual consolidated financial statements and notes thereto for the year ended October 31, 2022, and the unaudited interim condensed consolidated financial statements and notes thereto for the three- and six-month periods ended April 30, 2023 and 2022. 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 STATEMENTS

This MD&A contains "forward-looking statements" within the meaning of applicable Canadian securities legislation. Such forward-looking statements include, but are not limited to, information with respect to 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. These forward-looking statements are 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 statements contain these terms and phrases. Forward-looking statements are provided for the purposes of assisting the reader in understanding the Company and its business, operations, prospects and risks at a point in time in the context of historical and possible future developments and therefore the reader is cautioned that such statements may not be appropriate for other purposes. Forward-looking statements are based upon a number of assumptions and are 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 statements. 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, 2022: 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; and conflicts of interest, 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.sedar.com. 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 statements. Although the forward-looking statements contained herein are 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 statements. Certain assumptions were made in preparing the forward-looking statements concerning availability of capital resources, business performance, market conditions, and customer demand. Consequently, all of the forward-looking statements contained herein are qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that 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 statements contained herein are provided as of the date hereof, and management does not undertake to update or amend such forward-looking statements whether as a result of new information, future events or otherwise, except as may be required by applicable law.

BUSINESS OVERVIEW

Our Story

Initiated by the smart drink movement in Montréal, GURU's founders drew their inspiration from the trend of mixing energy-releasing plants and exotic combinations. They wanted to provide their consumers with a source of energy that was not artificial, but rather natural, plant-based organic energy. GURU, the world's first natural energy drink¹, was launched in 1999, and none of them have looked back since.



Our Business

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

As at June 13, 2023, GURU is in over 25,000 retail points of sale in Canada and the United States. Its organic plant-based energy drinks are also available online through Amazon and www.guruenergy.com.

Our Market²

It is estimated that the U.S. energy drink market will surpass US\$21 billion by 2026² opening new opportunities for energy drink brands. Global energy drink consumption has rapidly increased in the last 20 years. These drinks come in different varieties and are captivated by any segment of customers irrespective of age. The category is also very dynamic as it is in the top 10 from a beverage innovation perspective with 5% of beverage launches in the U.S. and 2% of launches in Canada².

Energy drinks remain among the fastest growing categories of non-alcoholic beverages, with a 5% value growth and 10% volume growth between 2017 and 2021³, with growth expected to continue for the next decade through an expected CAGR in North America of 8% between 2022 and 2030⁴.

¹ Management's belief based on publicly available information

² Research and Markets, October 2022.

³ Kerry 2022 Beverage Trends, Spotlight on Energy.

⁴ Yahoo Finance Oct 2022, The Brainy Insights.

The Market Opportunity

Millennials and Gen Z consumers account for 70% of consumption in the energy drink market⁵. They love energy drinks, but they are concerned about the ingredients and the safety of consuming them. The North American market, which is currently dominated by two legacy brands that share about 75% of the market, is ready for disruption. Differentiated brands like GURU have started to grind that market share lead with plant-based products aimed at solving the industry's biggest problem: its list of ingredients.

The main differentiators for GURU's products are its clean list of organic, plant-based ingredients and its positioning as a good, natural, authentic, progressive, and adventurous brand which aims to be a source of good energy. GURU offers consumers healthy energy drinks that feel and taste like mainstream energy drinks without detriment to their health (long-lasting energy without jitters, certified organic, plant-based ingredients, no artificial sweeteners, no taurine, no synthetic caffeine yet similar caffeine content).

Our Strategy

GURU's current sales channel mix consists mainly of convenience stores and gas stations, grocery stores, pharmacies and online sales in Canada and the U.S.

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 merchandising, distribution and sales capabilities.

GURU's methodical sales and marketing approach aims to maximize return on investment through appropriate top-of-funnel and bottom-of-funnel spend, depending on product distribution in each geographical region. GURU has invested significant marketing efforts in building brand awareness and trial through a proven strategy that has allowed it to build a loyal following ("GURU Nation"), become the #3 brand in its primary market, Quebec, and experience significantly stronger year-over-year retail sales growth than the industry⁶.



⁵Energy Drink Report-Mintel, 2015

⁶Nielsen: 52-week period ended April 22, 2023, Convenience & Gas (C&G), Quebec vs. same period year ago.

Financial and Business Outlook

GURU's closing of its \$34.5 million financing in October 2020 and private placement and bought deal financing of \$49.6 million in July 2021 are paramount in achieving our mission of cleaning the energy drink industry and growing our business in Canada and the United States. Our growth in Quebec, our primary market, has been a success story since our inception, and we aim to replicate and adapt our model across North America. We believe that GURU is poised to gain significant market share in North America as it addresses the industry's biggest issue: consumer concern about the safety of energy drink ingredients.

To achieve its growth objectives, GURU raised the funds it needed to pursue investments in sales and marketing and grow the brand over the next few years, especially with the recent PepsiCo® Canadian distribution agreement. While these investments have adversely impacted GURU's recent financial performance in the short term, we expect that they will allow the Company to meet its objective of expanding its brand's footprint in the North American market and ultimately create sustained long-term shareholder value.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Measurement of net revenue

Net revenue is measured at 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 International Financial Reporting Standards ("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 EBITDA⁷

Adjusted EBITDA is defined as net income or loss before income taxes, net financial (income) expenses, depreciation and amortization, and stock-based compensation expense⁸. 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

⁷ Refer to reconciliation of net loss to adjusted EBITDA section of the MD&A.

⁸ As of the beginning of fiscal 2023, expenses related to the reverse acquisition of Mira X will no longer be excluded from the definition of adjusted EBITDA as these will no longer be incurred.

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.

Shipment Volume

This indicator represents the total volume of energy drink, in equivalent units, shipped in the respective period directly from the Company to its customers and to its distributors for resale to end consumers in retail points of sale or online. Management believes this indicator provides meaningful information as it helps measure quantities of energy drink sold in the period, helps isolate a key element in the generation of revenues, as well as facilitate comparison of sales performance from period to period.

Retail Consumer Scanned Sales

This indicator is different from shipment volume and 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 ^{9,10,11,12}



⁹Nielsen: 52-week period ended January 28, 2023, Grocery Drug Mass (GDM) + Convenience & Gas (C&G), Canada vs. same period year ago.

¹⁰Nielsen: 22-month period ended December 24, 2022 - All Channels, Canada.

¹¹Market research conducted by element54 and Patterson Langlois for GURU in June 2021 with 1,500 participants in the province of Quebec.

¹²SPINS IRI data, 52-week period ended January 29, 2023, Total Natural channel, California, vs. same period year ago.

Q2 2023 FINANCIAL HIGHLIGHTS

- Q2 net revenue increased to \$7.7 million, compared to \$7.6 million in Q2 2022, mainly due to growth in sales velocities in Canada and the launch of Theanine Fruit Punch in Q2 2023.
- Launch of the “Punch Up Your Mind” marketing campaign and introduction of GURU Theanine Fruit Punch across Canada following the successful launch of Guayusa Tropical Punch in 2022, ranking as the #1 Innovation¹³.
- Sustained strong margins, as gross profit totalled \$4.1 million, compared to \$4.1 million in Q2 2022. Gross margin¹⁴ was 53.1% of net revenue, compared to 54.3% in Q2 2022.
- Net loss of \$2.6 million in Q2 2023, compared to a net loss of \$4.0 million in Q2 2022, driven primarily by lower selling, general and administrative costs, and better returns on cash on hand.
- Overall shipment volume¹⁵ grew 3% compared to the same period last year, driven by 21% growth in Canada.
- Growth of 21% and 24% in retail consumer scanned sales¹⁵ for the 52-week and 4-week periods ended April 22, 2023¹³, suggesting a positive trend for sales growth in Canada.
- Adjusted EBITDA¹⁶ loss of \$2.5 million in Q2 2023, compared to a loss of \$3.7 million in Q2 2022.

YEAR-TO-DATE HIGHLIGHTS

- Net revenue decreased to \$12.7 million for the six-month period ended April 30, 2023, compared to \$14.6 million for the same period last year.
- Gross profit totalled \$6.8 million, compared to \$7.9 million for the same period a year ago. Gross margin was 53.3% of net revenue, compared to 54.0% in 2022.
- Net loss of \$5.3 million for the six-month period ended April 30, 2023, compared to a net loss of \$7.2 million for the same period last year.
- Overall shipment volume¹⁵ contracted by 12% compared to the same period last year, mainly due to the initial pipeline fill related to the Canadian distribution agreement with PepsiCo® in Q1 2022 and the inventory on hand reduction by PepsiCo® in Q1 2023.
- Adjusted EBITDA¹⁶ loss of \$5.1 million for the six-month period ended April 30, 2023, compared to a loss of \$6.8 million for the same period last year.
- Strong financial position with cash and cash equivalents of \$40.7 million and unused credit facilities of \$10.0 million as of April 30, 2023.

¹³ Nielsen: 52-week period ended April 22, 2023, All Channels, Canada vs. same period year ago.

¹⁴ Gross margin, a supplementary financial measure, is the result of gross profit divided by net revenue.

¹⁵ Refer to the “Non-GAAP and Other Financial Measures” section.

¹⁶ 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-and six-month periods ended April 30, 2023, and 2022.

	Three-month periods ended				Six-month periods ended			
	April 30, 2023		April 30, 2022		April 30, 2023		April 30, 2022	
<i>(In thousands of Canadian dollars, except per share data)</i>	\$	% of revenue	\$	% of revenue	\$	% of revenue	\$	% of revenue
Net revenue	7,713	100.0%	7,603	100%	12,724	100.0%	14,569	100.0%
Cost of goods sold	3,616	46.9%	3,477	45.7%	5,937	46.7%	6,646	46.0%
Gross profit	4,098	53.1%	4,126	54.3%	6,787	53.3%	7,923	54.0%
Selling, general and administrative expenses	7,120	92.3%	8,194	107.8%	12,786	100.5%	15,274	117.3%
Net financial income	(374)	-4.8%	(113)	-1.5%	(748)	-5.9%	(227)	-3.0%
Loss before income taxes	(2,648)	-34.3%	(3,955)	-52.0%	(5,251)	-41.3%	(7,124)	-60.3%
Income taxes	9	0.1%	19	0.2%	19	0.1%	39	0.1%
Net loss	(2,657)	-34.4%	(3,974)	-52.3%	(5,270)	-41.4%	(7,163)	-60.4%
Basic and diluted loss per share	\$ (0.08)		\$ (0.12)		\$ (0.12)		\$ (0.22)	
Adjusted EBITDA¹⁷	(2,478)	-32.1%	(3,748)	-49.3%	(5,053)	-39.7%	(6,762)	-59.2%
Net revenue by geography								
Canada	6,586	85%	5,441	72%	10,832	85%	11,212	83%
United States	1,127	15%	2,162	28%	1,892	15%	3,357	17%

RECONCILIATION OF NET LOSS TO ADJUSTED EBITDA

	Three-month periods ended		Six-month periods ended	
	April 30, 2023	April 30, 2022	April 30, 2023	April 30, 2022
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$
Net loss	(2,657)	(3,974)	(5,270)	(7,163)
Net financial income	(374)	(113)	(748)	(227)
Depreciation and amortization	297	218	545	409
Income taxes	9	19	19	39
Stock-based compensation expense	247	102	401	180
Adjusted EBITDA	(2,478)	(3,748)	(5,053)	(6,762)

RESULTS OF OPERATIONS

Net Revenue

Net revenue for the quarter increased to \$7.7 million, compared to \$7.6 million for the three-month period ended April 30, 2022. The growth was driven by increased velocities in Canada and the launch of our newest innovation, Theanine Fruit Punch. In Canada, sales during the quarter increased by 21% or \$1.1 million to \$6.6 million and the Company's market share grew nationally from February to April 2023 to a high of almost 5%. U.S. sales during the quarter decreased to \$1.1 million from \$2.2 million in Q2 2022, mainly due to the Sam's Club one-time program in Q2 2022. According to SPINS¹⁸, which measures U.S. consumer scan data of GURU energy drinks, GURU experienced 18% sales growth in natural food channel in the last 52 weeks versus the previous year, showing continued strength in GURU's current target market in the U.S. For the six-month period, net revenue decreased to \$12.7 million, from \$14.6 million for the same period in 2022. The decrease was mainly due to the remaining balance of inventory that PepsiCo[®] still had on hand from an initial pipeline fill in Q1 2022 following the entering into of the Canadian distribution agreement and a reduction in inventory on hand by PepsiCo[®] in Q1 2023, which had a total impact of over \$1.5 million on net revenue.

¹⁷ Refer to reconciliation of net loss to adjusted EBITDA section of the MD&A.

¹⁸ SPINS IRI data, 52-week period ended April 23, 2023, Total Natural channels vs. same period year ago.

Gross Profit and Margin

Gross profit totalled \$4.1 million, compared to \$4.1 million for the three-month period ended April 30, 2022. Gross margin, which is comprised of distribution, selling and merchandising fees, amounted to 53.1% in Q2 2023, compared to 54.3% for the same period a year ago. The decrease in gross margin was mainly due to higher costs of goods sold and more promotional activity. For the six-month period, gross profit totalled \$6.8 million, compared to \$7.9 million a year ago. Gross margin for the six-month period ended April 30, 2023 was 53.3%, compared to 54.0% last year. The reasons for the changes are consistent with those provided above for the three-month period ended April 30, 2023.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") include operational, sales, marketing, and administration costs. These expenses amounted to \$7.1 million for the three-month period ended April 30, 2023, compared to SG&A of \$8.2 million for the same period a year ago. Selling and marketing expenses decreased to \$4.7 million from \$5.2 million in Q2 2022, as the Company took a more targeted approach to its investment in sales and marketing campaigns during the quarter. General and administrative expenses decreased to \$2.4 million from \$3.0 million in Q2 2022, as a result of cost control measures. For the six-month period ended April 30, 2023, SG&A amounted to \$12.8 million, compared to \$15.3 million a year ago, mainly due to the lower sales and marketing expenses described above for the three-month period ended April 30, 2023. Please refer to note 11 of the Interim Condensed Financial Statements for the three-month and six-month periods ended April 30, 2023 and 2022 for further details.

Net Financial Income

The Company generated net financial income of \$373,517 for the three-month period ended April 30, 2023, compared to \$112,730 for the same period a year ago, mainly due to stronger return on the cash equivalent balances and short-term investment on hand in Q2 2023. For the first six months of the year, net financial income increased to \$747,544 from \$227,237 a year earlier. The reasons for the changes are consistent with those provided above for the three-month period ended April 30, 2023.

Income Taxes

The Company had an income tax expense for the three-month period ended April 30, 2023 of \$9,099 compared to an expense of \$18,678 for the same period in 2022, due to lower income in the same period in 2023. The tax expense for the first six months of 2023 relates to taxable income realized in the U.S. entity. The Company had a deferred income tax expense of \$18,682 for the six-month period, compared to an expense of \$39,388 for the same period a year earlier. The reasons for the changes are consistent with those provided above for the three-month period ended April 30, 2023.

Net Loss

Net loss for the first quarter totalled \$2.6 million or \$(0.08) per share (basic and diluted), compared to a net loss of \$4.0 million or \$(0.12) per share (basic and diluted) for the same period a year ago. The decrease in net loss primarily reflects the decrease in costs associated with brand, field and trade marketing activities for the period. Net loss for the six-month period totalled \$5.3 million in 2023, or \$(0.12) per share (basic and diluted), compared to a net loss of \$7.2 million or \$(0.22) per share (basic and diluted) for the same period a year ago. The reasons for the changes are consistent with those provided above for the three-month period ended April 30, 2023.

Adjusted EBITDA¹⁹

Adjusted EBITDA was a loss of \$2.5 million for the three-month period ended April 30, 2023, compared to a loss of \$3.7 million for the same period in 2022. The improvement in Adjusted EBITDA loss for the quarter was mainly due to lower selling and marketing expenses and general and administrative costs during the period. Adjusted EBITDA for the first six months of the year was a loss of \$5.1 million in 2023, compared to a loss of \$6.8 million in 2022. The reasons for the changes are consistent with those provided above for the three-month period ended April 30, 2023.

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. To fund its activities, the Company has relied on the private placement financing completed on October 29, 2020, in connection with the reverse acquisition of Mira X and on the private placement and bought deal financing completed on July 6, 2021. The Company manages its excess cash to ensure that it has sufficient reserves to fund its operations and capital expenditures.

Cash Flows

	Six-month periods ended	
	April 30, 2023	April 30, 2022
<i>(In thousands of Canadian dollars)</i>	\$	\$
Cash flow used in operating activities	(4,625)	(13,995)
Cash flow used in financing activities	(1,126)	(214)
Cash flow from (used in) investing activities	20,969	(20,777)
Effects of movements in exchange rate on cash held	2	23
Increase (decrease) in cash and cash equivalents	15,220	(34,963)
Cash and cash equivalents, beginning of period	25,491	66,954
Cash and cash equivalents, end of period	40,711	31,991

Cash flow used in operating activities

For the six-month period ended April 30, 2023, operating activities used cash of \$4.6 million compared to \$14.0 million for the same period last year. The decrease was due to a lower net loss during the period, and a significant reduction in inventory investments compared to the same six-month period ended April 30, 2022.

Cash flow used in financing activities

Financing activities used cash flow of \$1.1 million in the six-month period ended April 30, 2023, compared to cash flow of \$0.2 million for the same period last year. The increase in use is mainly due to the share buy-back under the normal course issuer bid program.

Cash flow from (used in) investing activities

Investing activities generated cash flow of \$21.0 million in the six-month period ended April 30, 2023, compared to \$20.8 million used for the same period last year. The increase in Q3 2022 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, which maturity was extended for an additional year during the second quarter from March 30, 2024 to March 30, 2025. As at April 30, 2023, the credit facility was not used (October 31, 2022 - 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, 2022 - US\$500,000). This credit facility was not used as at April 30, 2023 (October 31, 2022 - nil).

The Company has a letter of credit for a maximum available of \$2.5 million for which an amount of EUR600,000 (CA\$897,540) was used as of April 30, 2023 (October 31, 2022 - EUR600,000 (CA\$810,120)).

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 U.S. subsidiary. These credit facilities are subject to certain financial covenants, which were met as at April 30, 2023.

FINANCIAL POSITION

The following table shows the main variances that have occurred in the Company's financial position as at April 30, 2023:

<i>(In thousands of Canadian dollars)</i>	April 30, 2023	October 31, 2022	Variance	Significant contributions
	\$	\$	\$	
Cash and cash equivalents	40,711	25,491	15,220	Increase from sale of short-term investments, partially offset by investments in working capital, market development and marketing plans
Short-term Investments	-	20,800	(20,800)	Sale of short-term investments, converted back to cash equivalents generating better return on investment
Inventories	6,551	8,518	(1,967)	Decrease in line with inventory strategy
Accounts payable and accrued liabilities	6,543	8,213	(1,670)	Normal course of business - production and timing of accrual payments

The Company has over \$50.7 million in cash and cash equivalents, and unused credit facilities broken down as follows: cash and cash equivalents of \$40.7 million and a committed revolving operating credit facility of a maximum authorized amount of \$10 million as at April 30, 2023.

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)

	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Net revenue	7,713	5,011	6,783	7,730	7,603	6,965	8,466	8,049
Gross profit	4,098	2,689	3,533	4,238	4,126	3,796	4,314	5,037
Net loss	(2,657)	(2,613)	(3,871)	(6,530)	(3,974)	(3,190)	(5,982)	(2,027)
Basic and diluted loss per share	\$ (0.08)	\$ (0.08)	\$ (0.12)	\$ (0.20)	\$ (0.12)	\$ (0.10)	\$ (0.18)	\$ (0.08)

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. Exceptionally, net revenue was significantly lower in Q4 2022 than in Q4 2021, and in Q1 2023 compared to Q1 2022, due to a large order from the Company's exclusive Canadian distributor to build up its inventory in Q4 2021 and Q1 2022.

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 U.S. 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 equivalents bearing interest at 5.35% and 5.20% 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 April 30, 2023:

<i>(In thousands of Canadian dollars)</i>	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Accounts payable and accrued liabilities	6,543	6,543	6,543	-	-
Lease liabilities, including current portion	1,789	1,888	453	1,435	-

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 are 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, 88% (October 31, 2022 - 89%) of accounts receivable are concentrated with two (2022 - two) clients which represent together 81% (October 31, 2022 - 83%) of second quarter sales. 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 share price 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 24 of the Consolidated Financial Statements for the years ended October 31, 2022 and 2021 for further information.

UNRECOGNIZED DEFERRED TAX ASSETS

The Company has unused non-capital losses in the amount of \$30.5 million (2022 - \$30.5 million), of which \$27.9 million have not been recognized. These unrecognized losses expire between 2027 and 2042 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 \$3.4 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, other than the lease. The Company's other off-balance-sheet arrangements consist only of obligations under operating leases with terms of 12 months or less or of low dollar value, which are not material.

SEGMENT REPORTING

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

SIGNIFICANT ACCOUNTING JUDGEMENTS, 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 Interim Condensed Financial Statements for the three-month and six-month periods ended April 30, 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, RSUs and DSUs where at any given time the number of stock options, RSUs and DSUs reserved for issuance should not exceed 10% of the Company's issued and outstanding common shares. Under the plan, options generally vest over a period of four years and expire ten years from the grant date, RSUs generally vest over a period of three years and DSUs are fully vested when granted. Please refer to note 15 of the Interim Condensed Financial Statements for the three-month and six-month periods ended April 30, 2023 and 2022 for further details.

OUTSTANDING SHARE DATA

	As at June 13, 2023
Shares outstanding	31,898,209
PepsiCo warrants (exercise price of \$16.69 per share)	1,650,000
Stock options (average exercise price of \$3.88 per share)	464,002
Restricted Share Units (average granted price of \$3.62 per share)	143,821
Deferred Share Units (average granted price of \$7.95 per share)	64,182
Fully diluted shares	34,220,214

As of July 20, 2022, the Company has been authorized to repurchase for cancellation up to 500,000 common shares (representing approximately 1.5% of the Company's outstanding shares as at July 14, 2022) between July 25, 2022 and July 24, 2023. Repurchases are made in the normal course of business at market prices through the facilities of the Toronto Stock Exchange ("TSX") and/or through alternative Canadian trading systems, in compliance with the rules and policies of the TSX and applicable exemptions from Canadian securities laws. For the six-month period ended April 30, 2023, the Company has repurchased and cancelled 314,249 common shares. The number of shares outstanding as of June 13, 2023 includes the share buy-back and cancellation of 314,249 common shares pursuant to the Company's normal course issuer bid.

The Company also has contingent equity-settled instruments as disclosed in note 15 of the Interim Condensed Financial Statements for the three-month and six-month periods ended April 30, 2023 and 2022.

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 April 30, 2023:

<i>(In thousands of Canadian dollars)</i>	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)	591	10,814	(10,223)
Marketing and brand awareness	5,411	28,000	N/M
Product innovation investments / R&D	24	5,000	N/M
General working capital and corporate (including public company operating costs)	-	2,923	N/M
Remaining as at April 30 2023	40,711	-	40,711
Total net proceeds	46,737	46,737	-
Share issuance costs	2,825	2,825	-
Gross proceeds	49,562	49,562	-

N/M: Not meaningful

RISK FACTORS

Please refer to the risk factors described in the "Risk Factors" section of the Company's Annual Information Form dated January 25, 2023.

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, 2022.

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 in order 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 on February 1, 2023 and ending April 30, 2023 that have materially affected, or are reasonably likely to materially affect, the Company’s ICFR.

