MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended October 31, 2022

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 October 31, 2022, and the consolidated operating results of the Company for the year then ended.

This MD&A is dated January 25, 2023 and was prepared with information available to this date. In this MD&A, references to fiscal 2022 are to the fiscal year ended October 31, 2022, and references to fiscal 2021 are to the fiscal year ended October 31, 2021. 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 2021. 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 is not limited to, information with respect to our objectives and the strategies to achieve these objectives, as well as information with respect to our 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 our 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; demand for GURU's product is somewhat seasonal; 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 materials we have made public, 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 us or that we currently deem 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 is based upon what we believe 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 is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the expected consequences or effects on our business, financial condition or results of operation. Unless otherwise noted or the context otherwise indicates, the forward-looking statements contained herein are provided as of the date hereof, and we do not undertake to update or amend such forward-looking statements whether as a result of new information, future events or otherwise, except as may be required by applicable law.*

BUSINESS OVERVIEW

Our Story

Initiated by the smart drink movement in Montreal, our 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 – natural, plant-based organic energy. GURU, the world's first natural energy drink, was launched in 1999, and none of us have looked back since.

Our Business

GURU (TSX: GURU) is a dynamic, fast-growing beverage company based in 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. We do, however, provide our production partners with our recipes, flavours, ingredient blends, cans, and other raw materials for our beverages, purchased by us from various suppliers across the globe.

As at January 25, 2023, GURU increased its estimated points of sale to over 25,000 in Canada and across the United States. Our organic plant-based energy drinks are also available online through Amazon and guruenergy.com.

Our Market[1]

It is estimated that the US energy drinks market will cross a value of $21 billion by 2026[1] 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 US and 2% of launches in Canada[2].

Energy drinks remain amongst the fastest growing categories of non-alcoholic beverages, with a 5% value growth and 10% volume growth between 2017 and 2021[2], with growth continuing for the next decade through an expected CAGR in North America of 8% between 2022 and 2030[3].

The Market Opportunity

Millennials and Gen Z consumers account for 70% of consumption in the energy drink market. They love energy drinks, but they are concerned by their safety and their ingredients. 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 ingredients list.

The main differentiators for GURU's products are its clean list of organic plant-based ingredients and its brand 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 with no 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 and 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.

[1] Research and Markets, October 2022
[2] Kerry 2022 Beverage Trends, Spotlight on Energy
[3] Yahoo Finance Oct 2022, The Brainy Insights

Online sales have experienced strong growth in the past twenty-four months, in large part due to the impact of COVID-19 on consumers' shopping habits, and we anticipate growth to continue.

GURU's methodical sales and marketing approach aims to maximize return on investment through appropriate top-of-funnel and bottom-of-funnel spend, depending on product distribution in each geographical region. We have invested significant marketing efforts in building brand awareness and trial through a proven strategy that has allowed us to build a loyal following ("GURU Nation"), become the #3 brand in our primary market, Quebec, and experience significantly stronger year-over-year retail sales growth than the industry[4].

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 primary Quebec market has been a success story in terms of sales and profitability, and our aim is 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 our growth objectives, we raised the funds we needed to pursue our investments in sales and marketing and grow our brand over the next few years, especially with the recent PepsiCo® Canadian distribution agreement. While these investments will impact our short-term profitability, they will allow us to improve our cost structure and achieve our long-term margin and profitability goals, which supports our commitment to create sustained long-term shareholder value.

[4] Nielsen: Last 52-week period ending November 4, 2022, Convenience & Gas (C&G), Quebec vs. same period year ago.

At the date of this MD&A, as part of our expansion strategy in Canada and the U.S., we increased our total estimated points of sale to over 25,000 since the beginning of the fiscal year and expect further growth in Canada with PepsiCo® and, in the U.S., as we reallocate our sales resources towards this large and growing market.

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. The Company recognizes revenue when it transfers control of a product to a customer. Revenue is recognized at a point in time, which is 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 our historical claims as supplemented by management's judgment.

NON-GAAP FINANCIAL MEASURE

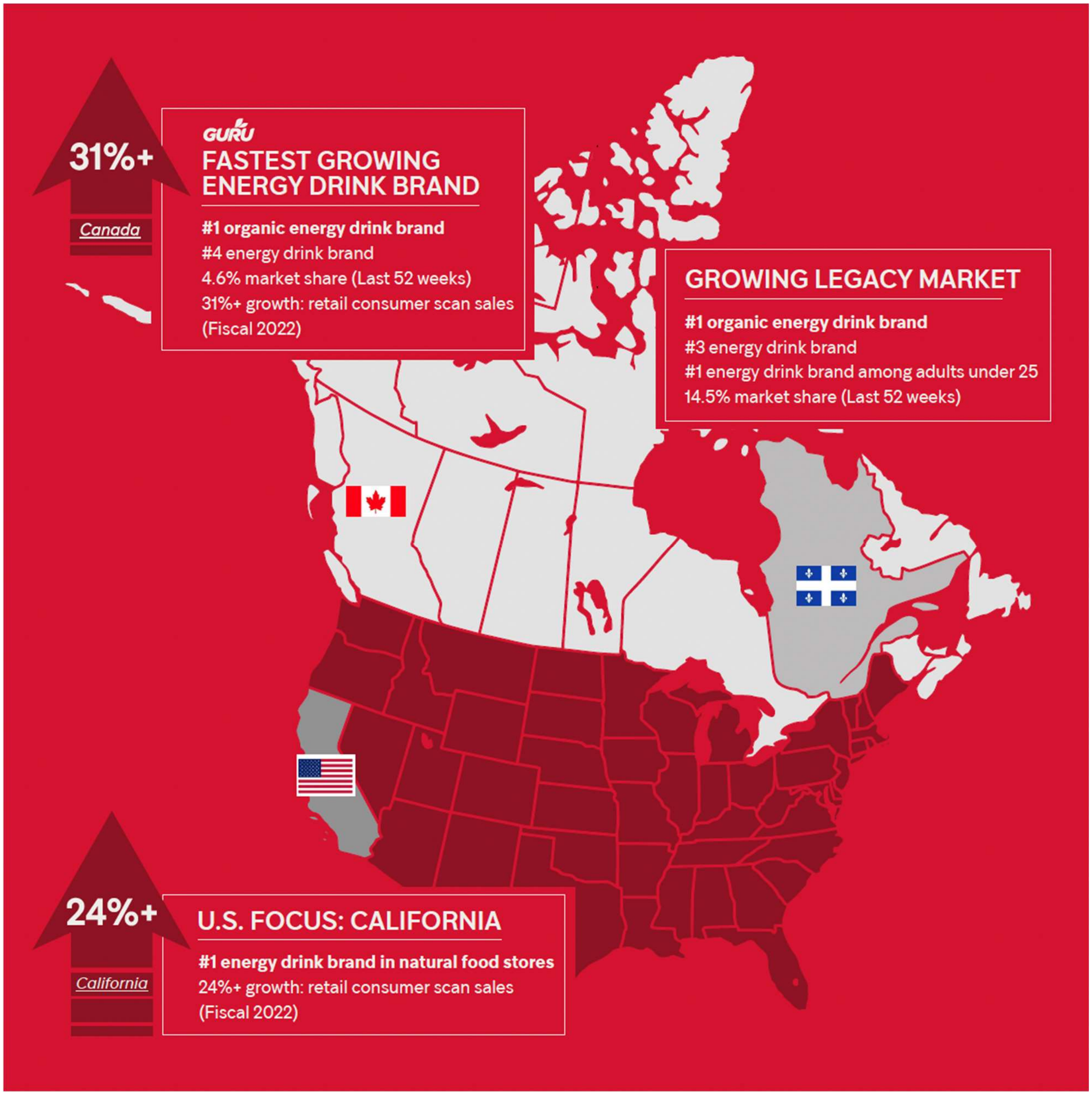
Adjusted EBITDA[5]

Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA is defined as net income or loss before reverse acquisition of Mira X expenses, income taxes, net financial (income) expenses, depreciation and amortization, and stock-based compensation expense. The exclusion of the reverse acquisition of Mira X expenses eliminates the impact on earnings of costs that are not expected to re-occur in the near term. 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. We believe that adjusted EBITDA is a useful measure of financial performance without the variation caused by the impacts of the 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 non-GAAP financial 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.

This non-GAAP financial measure is not an earning or cash flow measure, or a measure of financial condition, recognized by International Financial Reporting Standards (IFRS) and it doesn't have a standardized meaning prescribed by IFRS. Our method of calculating this financial measure may differ from the methods used by other issuers and, accordingly, our definition of this non-GAAP financial measure 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 net income determined in accordance with IFRS as indicators of our performance or financial condition, or to cash flows from operating activities as measures of liquidity and cash flows.

[5] Refer to reconciliation of net (loss) income to adjusted EBITDA section of the MD&A.

LATEST MARKET STATISTICS[6,7,8,9]



[6] Nielsen: Last 52-week period ending November 4, 2022, Grocery Drug Mass (GDM) + Convenience & Gas (C&G), Quebec vs. same period year ago.
[7] Nielsen: Last 22 months, period ending October 29, 2022 - All Channels, Canada.
[8] Market research conducted by element54 and Patterson Langlois for GURU in June 2021 with 1,500 participants in the province of Quebec.
[9] SPINS IRI data, Total Natural and Multi-Outlet (MULO) channels, period ending October 30, 2022.

Q4 2022 FINANCIAL HIGHLIGHTS

- Net revenue decreased to $6.8 million compared to $8.5 million in Q4 2021, mainly due to an initial pipeline fill related to the Canadian distribution agreement with PepsiCo®, having a positive impact of $2.7 million in Q4 2021 compared to Q4 2022. Excluding the initial pipeline fill, net revenue would have increased by 18% in Q4 2022 versus Q4 2021.
- Overall shipment volume contracted by 25% compared to the same period last year, mainly due to the initial pipeline fill related to the Canadian distribution agreement with PepsiCo®. Excluding this item, shipments would have increased by 14% in Q4 2022 versus Q4 2021.
- 33% increase in consumer purchases (scanned retail sales) in the quarter[10], following the "Good Energy for the Everyday" and the "Back to Reality" national campaigns.
- Sustained, strong margins, as gross profit totalled $3.5 million, compared to $4.3 million in Q4 2021. Gross margin[11] was 52.1% of net revenue, compared to 51.0% in Q4 2021.
- Net loss of $3.9 million in Q4 2022, compared to a net loss of $6.0 million in Q4 2021, mainly due to lower sales investment, mainly resulting from the change in the Company's Canadian distribution, sales and merchandizing model.
- Adjusted EBITDA[12] of $(4.0) million in Q4 2022, compared to $(5.7) million in Q4 2021.

FISCAL 2022 FINANCIAL HIGHLIGHTS

- Net revenue decreased to $29.1 million, compared to $30.2 million a year ago. The main factor affecting the Company's performance in fiscal 2022 was the change in its Canadian business model in Q4 2021. Since then, its new distribution partner provides many services in return for a discounted price. This discount had a $5.3 million negative impact on fiscal 2022 net revenue.
- Overall shipment volume increased by 5% compared to the same period last year, mainly due to the initial pipeline fill related to the Canadian distribution agreement with PepsiCo®. Excluding this item, shipments would have increased by 15% in 2022 versus 2021.
- 31% increase in consumer purchases (scanned retail sales) in fiscal 2022 versus a year ago[10].
- Gross profit totalled $15.7 million, compared to $17.9 million a year ago. Gross margin was 54.0% of net revenue, compared to 59.2% in 2021, as most of the prior year's activities were under the Company's former Canadian sales distribution model.
- Net loss of $17.6 million, compared to a net loss of $9.8 million a year ago, mainly due to increased brand marketing activities as well as field and trade marketing launch activities across Canada, and other investments in support of growth plans.
- Adjusted EBITDA[12] of $(17.2) million in fiscal 2022, compared to $(8.7) million in fiscal 2021.
- Strong financial position with cash and cash equivalents of $25.5 million, and short-term investments of $20.8 million and unused credit facilities of $10.0 million as of October 31, 2022.

[10] Nielsen Last 22 months, period ending October 29, 2022 - All Channels, Canada
[11] Gross margin, a supplementary financial measure, is the result of gross profit divided by net revenue
[12] Refer to reconciliation of net loss to adjusted EBITDA section of the MD&A.

SELECTED FINANCIAL INFORMATION

The selected financial information below was derived from the Company's financial statements, prepared in accordance with IFRS, for the three-month and twelve-month periods ended October 31, 2022, 2021, and 2020.

	Three-month periods ended				Twelve-month periods ended					
	October 31, 2022		October 31, 2021		October 31, 2022		October 31, 2021		October 31, 2020	
(In thousands of Canadian dollars, except per share data)	$	% of revenue	$	% of revenue	$	% of revenue	$	% of revenue	$	% of revenue
Net revenue	6,783	100%	8,466	100%	29,081	100%	30,191	100%	22,100	100%
Cost of goods sold	3,250	48%	4,152	49%	13,388	46%	12,308	41%	8,062	36%
Gross profit	3,533	52%	4,314	51%	15,693	54%	17,883	59%	14,039	64%
Selling, general and administrative expenses	7,798	115%	10,338	122%	34,116	117%	27,801	92%	13,006	59%
Net financial (income) expenses	(357)	-5%	(48)	-1%	(878)	-3%	49	0%	312	1%
Reverse acquisition of Mira X expenses	-	0%	(4)	0%	-	0%	108	0%	2,916	0%
Loss before income taxes	(3,908)	-58%	(5,972)	-71%	(17,545)	-60%	(10,075)	-33%	(2,195)	-10%
Income taxes	(37)	-1%	10	0%	20	0%	(231)	-1%	(39)	0%
Net loss	(3,871)	-57%	(5,982)	-71%	(17,565)	-60%	(9,844)	-33%	(2,156)	-10%
Basic and diluted loss per share	$ (0.12)		$ (0.18)		$ (0.54)		$ (0.32)		$ (0.10)	
Adjusted EBITDA[13]	(3,958)	-58%	(5,678)	-67%	(17,212)	-59%	(8,745)	-29%	1,428	6%
Total assets					65,349		85,005		41,794	
Non-current financial liabilities					1,579		1,573		222	
Net revenue by geography										
Canada	6,211	92%	7,464	88%	24,150	83%	25,898	86%	13,230	60%
United States	572	8%	1,002	12%	4,931	17%	4,293	14%	4,269	19%

RECONCILIATION OF NET LOSS TO ADJUSTED EBITDA

	Three-month periods ended		Twelve-month periods ended		
	October 31, 2022	October 31, 2021	October 31, 2022	October 31, 2021	October 31, 2020
(In thousands of Canadian dollars)	$	$	$	$	$
Net loss	(3,871)	(5,982)	(17,565)	(9,844)	(2,156)
National Canadian distribution agreement set-up costs	-	56	-	203	-
Reverse acquisition of Mira X expenses	-	-	-	108	2,916
Net financial (income) expenses	(357)	(48)	(878)	49	312
Depreciation and amortization	234	178	877	515	309
Income taxes	(37)	10	20	(231)	(39)
Stock-based compensation expense	73	112	334	455	86
Adjusted EBITDA	(3,958)	(5,678)	(17,212)	(8,745)	1,428

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

RESULTS OF OPERATIONS

Net Revenue

Net revenue in the fourth quarter stood at $6.8 million, compared to $8.5 million for the three-month period ended October 31, 2021. The decrease was mainly due to an initial pipeline fill related to the Canadian distribution agreement with PepsiCo®, having a positive impact of $2.7 million in Q4 2021 compared to Q4 2022. U.S. sales during the quarter decreased to $0.6 million from $1.0 million in Q4 2021, mainly due to a one-time price discount of $0.4 million to a club wholesaler. According to SPINS[14], which measures U.S. consumer scan data of GURU energy drinks, GURU experienced 13% growth in California in Q4 2022 versus Q4 2021, showing continued strength in the U.S. market. For fiscal 2022, net revenue decreased by 4% to $29.1 million, from $30.2 million a year ago. The main factor affecting the Company's performance in fiscal 2022 was the change in its Canadian business model in Q4 2021, which had a $5.3 million negative impact on fiscal 2022 net revenue.

Gross profit and margin

Gross profit totalled $3.5 million, compared to $4.3 million for the three-month period ended October 31, 2021. Gross margin, which comprises distribution, selling and merchandizing fees (a portion of which was categorized as SG&A expenses in prior years, before the PepsiCo® Canadian distribution agreement), increased to 52.1% for the three-month period ended October 31, 2022, compared to 51.0% for the same period a year ago. The improvement in gross margin was due to pricing initiatives, which offset higher product costs driven by inflationary pressures on input and transportation costs. For fiscal 2022, gross profit totalled $15.7 million, compared to $17.9 million a year ago. Gross margin for the period was 54.0%, compared to 59.2% last year. The decrease was due to the change in the Company's Canadian distribution, sales and merchandizing model, effective as of Q4 2021.

Selling, general and administrative expenses

Selling, general and administrative expenses ("SG&A") include operational, sales, marketing, and administration costs. These expenses amounted to $7.8 million for the three-month period ended October 31, 2022, compared to SG&A of $10.3 million for the same period a year ago. Selling and marketing expenses accounted for $5.5 million of the $7.8 million in SG&A in Q4 2022, as the Company continued investing in targeted sales and marketing campaigns during the quarter, including the "Back to Reality" national campaign and the "Occupation Double" TV reality show in Quebec until October 20, 2022. For fiscal 2022, SG&A amounted to $34.1 million, compared to $27.8 million a year ago. Additional investments in selling and marketing expenses are mainly responsible for the increase in SG&A in fiscal 2022 versus 2021.

Adjusted EBITDA[15]

Adjusted EBITDA was a loss of $4.0 million for the three-month period ended October 31, 2022, compared to a loss of $5.7 million last year. The improvement in adjusted EBITDA loss for the quarter was mainly due to higher gross margins and lower selling expenses and marketing expenses during the period. Adjusted EBITDA for fiscal 2022 was a loss of $17.2 million, compared to a loss of $8.7 million in 2021. The increase in adjusted EBITDA loss was mainly due to lower gross margins and higher selling and marketing expenses in fiscal 2022 as explained above.

[14] SPINS IRI data, Total Natural and Multi-Outlet (MULO) channels, period ending October 30, 2022.

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

Net financial (income) expenses

The Company generated net financial income of $356,519 in Q4 2022, compared to $47,707 for the same period a year ago, due to higher cash equivalent balances and new short-term investment returns in Q4 2022, foreign exchange gains in Q4 2022, and the net change in the fair value of the stock warrant obligation in Q4 2022. For fiscal 2022, net financial income increased to $877,753 from financial expenses of $49,062 a year earlier, as the Company reimbursed the totality of its credit facilities since the closing of the private placement in October 2021, and realized interest revenue from its cash position, the net change in the fair value of the stock warrant obligation and foreign exchange gains, which were partially offset by the increase in interest on lease liabilities.

Income taxes

The Company had an income tax recovery for the three-month period ended October 31, 2022 of $36,315 compared to an expense of $9,881 for the same period in 2021. The current tax recovery for the last three months of 2022 relates to the Canadian entity while the expense of $20,317 for the twelve months of 2022 relates primarily to taxable income realized in the U.S. entity.

For both periods, the effective income tax recovery was less than the expected income tax recovery based on the combined federal and provincial statutory tax rates, primarily because of the non-recognition of Canadian tax attributes that were not probable of being realized. Refer to note 21 to the annual consolidated October 31, 2022 financial statements.

Net loss

Net loss for the fourth quarter totalled $3.9 million or $(0.12) per share (basic and diluted), compared to a net loss of $6.0 million or $(0.18) per share (basic and diluted) for the same period a year ago. The decrease in net loss reflects the stronger margins and the decrease in costs associated with brand, field and trade marketing activities as explained above. Net loss for fiscal 2022 period totalled $17.6 million, or $(0.54) per share (basic and diluted), compared to a net loss of $9.8 million or $(0.32) per share (basic and diluted) a year ago. The increase in net loss reflects the lower margins and the additional costs associated with brand, field and trade marketing activities in fiscal 2022.

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

(In thousands of Canadian dollars)	Twelve-month periods ended October 31, 2022 $	October 31, 2021 $
Cash flow used in operating activities	(18,840)	(10,156)
Cash flow (used in) from financing activities	(1,000)	47,817
Cash flow used in investing activities	(21,647)	(1,103)
Effects of movements in exchange rate on cash held	24	(22)
(Decrease) increase in cash and cash equivalents	(41,463)	36,536
Cash and cash equivalents, beginning of period	66,954	30,418
Cash and cash equivalents, end of period	25,491	66,954
Cash, cash equivalents, and short-term investments, end of period	46,291	66,954

Cash flow used in operating activities

For the twelve-month period ended October 31, 2022, operating activities used cash of $18.8 million compared to $10.2 million for the same period last year. The increase in fiscal 2022 is due to the net loss incurred this year, which was mainly attributable to marketing and trade initiatives, and additional investments in working capital, namely in inventories for the new launches and seasonal peak.

Cash flow used in financing activities

Financing activities used cash flow of $1.0 million in the twelve-month period ended October 31, 2022, compared to generating cash flow of $47.8 million for the same period last year. The decrease in fiscal 2022 was mainly due to the private placement and bought deal financing that took place in July 2021.

Cash flow used in investing activities

Investing activities used cash flow of $21.6 million in the twelve-month period ended October 31, 2022, compared to $1.1 million for the same period last year. The increase in fiscal 2022 was primarily due to short-term investments purchased from cash on hand in Q2 2022.

Credit Facilities

On March 31, 2021, the Company signed a new 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 October 31, 2022, the credit facility was not used (October 31, 2021 - 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, 2021 - US$550,000). This credit facility was not used as at October 31, 2022 (October 31, 2021 - nil).

The Company has a letter of credit for a maximum available of $2.5 million for which an amount of EUR600,000 (CA$810,120) was used as of October 31, 2022 (October 31, 2021 - EUR300,000 (CA$371,520)).

The credit facilities noted above are secured by a movable hypothec on the universality of the Company's present and future assets located in the province of Quebec to a maximum of $25 million, a first ranking security on all present and future property in all other Canadian provinces and in the United States and an unlimited corporate guarantee of its U.S. subsidiary. These credit facilities are subject to certain financial covenants, which were met as at October 31, 2022. The previous existing long-term debt has been repaid in full on March 2, 2021.

FINANCIAL POSITION

The following table shows the main variances that have occurred in the Company's financial position as at October 31, 2022:

(In thousands of Canadian dollars)	October 31, 2022 $	October 31, 2021 $	Variance $	Significant contributions
Cash and cash equivalents	25,491	66,954	(41,463)	Purchases of short-term investments, investments in working capital, expansion and marketing plans
Short-term Investments	20,800	-	20,800	Purchases of short-term investments
Inventories	8,518	7,338	1,180	Increase due to production timing and volume growth, excluding the initial pipeline fill in Canada
Deposits on fixed assets	679	-	679	Deposits on in-store equipment purchases
Accounts payable and accrued liabilities	8,213	10,265	(2,052)	Normal course of business - production and timing of accrual payments

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)

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net revenue	6,783	7,730	7,603	6,965	8,466	8,049	7,074	6,602
Gross profit	3,533	4,238	4,126	3,796	4,314	5,037	4,435	4,097
Net loss	(3,871)	(6,530)	(3,974)	(3,190)	(5,982)	(2,027)	(1,204)	(631)
Basic & diluted loss per share	$ (0.12)	$ (0.20)	$ (0.12)	$ (0.10)	$ (0.18)	$ (0.08)	$ (0.04)	$ (0.02)

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 lower in Q1 2022 than in Q4 2021 due to a large order from the Company's exclusive Canadian distributor to build up their inventory in Q4 2021, and due to seasonality.

TRENDS AND SEASONALITY

In Canada, GURU's sales are somewhat seasonal, tending to be higher in the spring through the fall, from the middle of the second quarter through the end of the fourth quarter, and somewhat lower in winter, from the start of the first quarter through the middle of the second quarter. 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 2.90% and 4.60%, and fixed-rate short-term investments bearing interest at 2.40% 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 October 31, 2022:

(In thousands of Canadian dollars)	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**1-5 years**	**More than 5 years**
Trade and other payables	8,213	8,213	8,213	-	-
Lease liabilities, including current portion	1,987	2,127	467	1,613	48

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, short-term investments, and accounts receivable. The credit risk of cash and cash equivalents and short-term investments 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, 89% (October 31, 2021 – 80%) of accounts receivable are concentrated with two (2021 – two) clients who represent together 47% (October 31, 2021 – 19%) of fourth quarter sales, and 66% of the twelve-month period 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 (2021 - $12.5 million), of which $27.9 million have not been recognized. These unrecognized losses expire between 2027 and 2042 and are not recognized because management has determined that their realization is not probable since profitable operations are not expected in the near future because of significant planned investments in growth and market expansion.

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

RELATED PARTIES

Key Management Personnel

Key management personnel include the members of the Board, as well as the Chief Executive Officer and Chief Financial Officer. The following table presents the compensation of key management personnel recognized in net loss:

	Twelve-month periods ended	
	October 31, 2022	October 31, 2021
	$	$
Total compensation expense (includes directors' fees)	1,375,832	1,664,361
Stock-based compensation costs	270,719	279,325

Related-Party Transactions

Related parties of the Company include key management personnel, their family members, and companies over which they have significant influence or control. For the years ended October 31, 2022 and October 31, 2021, the Company has not transacted with these related parties, other than as detailed above.

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 Consolidated Financial Statements for the years ended October 31, 2022 and 2021 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. As at October 31, 2022, 2,964,733 stock options, RSUs and/or DSUs were available for issuance (October 31, 2021 - 2,355,826).

Stock-based compensation expense recorded in fiscal 2022 was $113,140 (2021 - $85,946) for stock options granted, nil for RSUs (2021 - $18,302) and $221,279 for DSUs (2021 - $120,000). In addition, during the same period, the Company issued 3,653 stock options and 2,473 RSUs in order to settle incentives due to employees in the amount of $61,899. As a result, an amount of $61,899 was transferred from accounts payable and accrued liabilities to contributed surplus in connection with this transaction.

In addition, as at June 14, 2021, 1,650,000 warrants were granted to GURU's exclusive national Canadian distributor at an exercise price of $16.69 per share. The warrants were granted in three equal tranches with each tranche vesting upon the Company realizing specific sales volume targets in Canada, and the exercise of such warrants is conditional upon a change of control announcement. The warrants expire on June 14, 2031. None of the warrants were exercisable as of June 14, 2022.

OUTSTANDING SHARE DATA

	As at January 25, 2023
Shares outstanding	32,212,458
PepsiCo warrants (exercise price of $16.69 per share)	1,650,000
Stock options (average exercise price of $4.85 per share)	214,190
Restricted Share Units (average granted price of $18.93 per share)	7,599
Deferred Share Units (average granted price of $13.57 per share)	33,273
Fully diluted shares	34,117,520

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 year ended October 31, 2022, the Company has repurchased and cancelled 158,500 common shares. The number of shares outstanding as of January 25, 2023 includes the share buy-back and cancellation of 158,500 common shares pursuant to the Company's normal course issuer bid.

USE OF PROCEEDS FROM FINANCINGS

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 October 31, 2022:

(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)	446	10,814	(10,368)
Marketing and brand awareness	-	28,000	N/M
Product innovation investments / R&D	-	5,000	N/M
General working capital and corporate (including public company operating costs)	-	2,923	N/M
Remaining as at October 31, 2022	46,291	-	46,291
Total net proceeds	46,737	46,737	-
Share issuance costs	2,825	2,825	-
Gross proceeds	49,562	49,562	-

N/M: Not meaningful

Note: cash and cash equivalents of $25.5 million and short-term investments of $20.8 million are both included in the "Remaining balance as at October 31, 2022" number above.

October 2020 Private Placement

On October 29, 2020, the Company completed a private placement and issued 6,330,750 common shares for aggregate gross proceeds of $34.5 million (including proceeds from the over-allotment option) and net proceeds of $29.2 million. The following table shows the estimated use of proceeds, compared with the actual use of proceeds as at October 31, 2022:

(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)	8,259	12,000	(3,741)
Marketing and brand awareness	16,574	10,000	6,574
Product innovation investments / R&D	660	3,000	(2,340)
General working capital and corporate (including public company operating costs)	3,623	4,116	(493)
Remaining as at October 31, 2022	-	-	-
Total net proceeds	29,116	29,116	-
Reverse acquisition of Mira X expenses	3,058	3,058	-
Share issuance costs	2,329	2,329	-
Gross proceeds	34,503	34,503	-

RISK FACTORS

Please refer to the risk factors described in the "Risk Factors" section of the Company's Annual Information Form, dated January 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. Management, under the supervision of the Certifying Officers, has evaluated the effectiveness of the DC&P and based on that evaluation, the Certifying Officers have concluded that the DC&P were effective as at October 31, 2022.

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).

Management, under the supervision of the Certifying Officers, has evaluated the effectiveness of ICFR and based on that evaluation, the Certifying Officers have concluded that the Company’s ICFR was effective as at October 31, 2022

There were no changes to the Company’s ICFR for the period beginning on August 1, 2022 and ended October 31, 2022, that have materially affected, or are reasonably likely to materially affect, the Company’s ICFR.