GURU ORGANIC ENERGY ANNOUNCES FOURTH QUARTER AND FISCAL 2022 FINANCIAL RESULTS

- ***Over 33% increase in consumer purchases (scanned retail sales) in Q4 2022[1], following Good Energy for the Everyday and Back to Reality national campaigns, and a 31% increase in fiscal 2022***
- ***Fiscal 2022 net revenue of $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. Moreover, Q4 2021 net revenue included the impact of the initial pipeline fill estimated at $2.7 million***
- ***Continued success of GURU's long-term strategy with a 15% growth in shipments in fiscal 2022, compared to prior year, excluding initial pipeline fill***
- ***Gross margin of 52.1% in Q4 2022, compared to 51.0% in Q4 2021, and 54.0% for fiscal 2022 versus 59.2% in fiscal 2021, reflecting the change in business model in Canada***
- ***Adjusted EBITDA[2] loss of $4.0 million in Q4 2022, a $1.7 million improvement versus a $5.7 million loss in Q4 2021***
- ***Strong financial position with over $56 million in cash and cash equivalents, short-term investments and unused credit facilities, reflecting prudent balance sheet management***

Montréal, Québec, January 26, 2023 – GURU Organic Energy Corp. (TSX: GURU) ("**GURU**" or the "**Company**"), Canada's leading organic energy drink brand, today announced its results for the fourth quarter and fiscal year ended October 31, 2022. All amounts are in Canadian dollars unless otherwise indicated.

Financial Highlights (In thousands of dollars, except per share data)	**Three months ended October 31**		**Twelve months ended October 31**	
	2022	2021	**2022**	2021
Net revenue	**6,783**	8,466	**29,081**	30,191
Gross profit	**3,533**	4,314	**15,693**	17,883
Net loss	**(3,871)**	(5,982)	**(17,565)**	(9,844)
Basic and diluted loss per share	**(0.12)**	(0.18)	**(0.54)**	(0.32)
Adjusted EBITDA[2]	**(3,958)**	(5,678)	**(17,212)**	(8,745)

"Over the past year, we have done what we set out to do since becoming a public company, which was to launch our Canadian market expansion and invest, for the first time, in major national marketing campaigns, with the support of a partner with an unparalleled distribution network. Our differentiated organic energy drinks are now distributed in more than 96% of convenience and gas stores and 77% of grocery, drug and mass stores[3] across Canada and steady progress is being made in terms of raising our national brand awareness, our sales velocity and market share growth," said Carl Goyette, President and CEO of GURU.

"As expected and planned, the change in our business model and investments made in our expansion activities had an impact on our financial performance in the short-term. We firmly believe that they will pay off in the long run, as we near the completion of our transition period in early 2023. The fourth quarter bore the biggest impact of the transition, mainly due to non-recurring factors, including the bulk of the initial pipeline fill in Q4 2021, portfolio rationalization to focus on our core energy drinks upon entering our agreement, and the intentional postponement of our next innovation to a more strategically-timed Q2 launch in the subsequent fiscal year.

"Similar to our path to growth in Quebec, our brand's Canadian growth trajectory will take time and sustained effort. With a focus on targeted marketing and disciplined execution at the retail level, we expect that this will translate into a return to net sales growth for fiscal 2023, following the end of our transition period. With a world-class partner, an authentic brand and a strong balance sheet, we are in a solid position to pursue our growth strategy and self-fund our marketing efforts to achieve our growth objectives and to become the leading better-for-you energy drink available in the Canadian market, while also continuing to build our brand awareness in the U.S., particularly in the California market," concluded Mr. Goyette.

Results of operations

Consumer scan data in Canada has shown a strong year-over-year sales increase of 33% in Q4 2022 and of 31% in fiscal 2022 over the same periods last year, reflecting increasing demand for GURU's organic energy drinks at the consumer level across Canada. Because of the change of revenue model and initial pipeline fill by the Company's exclusive Canadian retail distributor in Q4 2021, growth in consumer sales has not translated into revenue growth in Q4 and fiscal 2022. However, the Company expects that the transition period will end after Q1 2023.

As a result of the above factors, net revenue for the fourth quarter stood at $6.8 million, compared to $8.5 million in the same quarter last year. The pipeline fill related to the Canadian distribution agreement increased Q4 2021 net revenue by an estimated $2.7 million, thereby making quarter-over-quarter comparisons less meaningful.

On the marketing front, following its largest Canadian campaign to date, "Good Energy for the Everyday", the Company launched its third national campaign of the year, "Back to Reality", which was aimed at bringing Good Energy to its progressive urban consumers across Canada through the fall.

Excluding a one-time price discount of $0.4 million to a club wholesaler, the Company's U.S. performance held steady during the fourth quarter, with GURU continuing to hold the number one energy drink position in the natural store sector in California and aiming to expand its distribution network in that state, with the ongoing deployment of GURU Guayusa Tropical Punch in targeted U.S. banners. According to SPINS[4], 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. The online sales segment continued to show strong topline performance in the fourth quarter and improved profitability driven by reduced investments in consumer acquisition.

Gross profit totalled $3.5 million, compared to $4.3 million in Q4 2021. Gross margin, which comprises distribution, selling and merchandizing fees, a portion of which was, in the first nine months of 2021, categorized as selling, general and administrative expenses, increased to 52.1% in Q4 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 ("SG&A"), which include operational, sales, marketing, and administration costs, amounted to $7.8 million in Q4 2022, compared to $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.

Adjusted EBITDA[2] amounted to a loss of $4.0 million, compared to a loss of $5.7 million last year. The improvement in adjusted EBITDA was mainly due to higher gross margins and lower selling and marketing expenses. Adjusted EBITDA for fiscal 2022 was a loss of $17.2 million, compared to a loss of $8.7 million in 2021.

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. Net loss for fiscal 2022 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.

As of October 31, 2022, the Company had cash, cash equivalents and short-term investments of $46.3 million and unused Canadian- and US-dollar denominated credit facilities totalling $10 million.

[1] Nielsen: Last 22 months, period ending October 29, 2022 - All Channels, Canada.
[2] Please refer to the "Non-GAAP financial measure" section for additional information on reconciliation of net loss to adjusted EBITDA at the end of this release.
[3] Nielsen: Last 4 weeks, period ending October 2, 2022 - All Channels, Canada.
[4] SPINS IRI data, Total Natural and Multi-Outlet (MULO) channels, period ending October 30, 2022.

Conference call

GURU will hold a conference call to discuss its fourth quarter and fiscal 2022 results today, January 26, 2023, at 10:00 a.m. ET. Here are the details to access the call:

- Via webcast: https://edge.media-server.com/mmc/p/qhvu7z77
- Via telephone: 1-833-630-1956 (toll free) or 1-412-317-1837 for international dial-in
- A webcast replay will be available on GURU's website until January 26, 2024.

About GURU Products

All GURU energy drinks are plant-based, high in natural caffeine, free of artificial sweeteners, artificial colours and flavours, and have no preservatives. In addition, all drinks are organic, vegan and gluten free – and the best thing is their amazing taste.

About GURU

GURU Organic Energy Corp. (TSX: GURU) is a dynamic, fast-growing beverage company launched in 1999, when it pioneered the world's first natural, plant-based energy drink. The Company markets organic energy drinks in Canada and the United States through an estimated distribution network of over 25,000 points of sale, and through guruenergy.com and Amazon. GURU has built an inspiring brand with a clean list of organic plant-based ingredients. Its drinks offer consumers good energy that never comes at the expense of their health. The Company is committed to achieving its mission of cleaning the energy drink industry in Canada and the United States. For more information, go to www.guruenergy.com or follow us @guruenergydrink on Instagram and @guruenergy on Facebook.

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Forward-Looking Statements

This press release 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.

Non-GAAP Financial Measure

Adjusted EBITDA

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 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, finance its ongoing operations and service long-term debt. 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.

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
(In thousands of Canadian dollars)	$	$	$	$
Net loss	(3,871)	(5,982)	(17,565)	(9,844)
National Canadian distribution agreement set-up costs	-	56	-	203
Reverse acquisition of Mira X expenses	-	(4)	-	108
Net financial (income) expenses	(357)	(48)	(878)	49
Depreciation and amortization	234	178	877	515
Income taxes	(37)	10	20	(231)
Stock-based compensation expense	73	112	334	455
Adjusted EBITDA	(3,958)	(5,678)	(17,212)	(8,745)