



## GURU ORGANIC ENERGY ANNOUNCES THIRD QUARTER 2024 FINANCIAL RESULTS

- **Focused on Return to Profitability:** 18.3% reduction in net loss to \$6.8 million in the first nine months of 2024, down from \$8.3 million in the same period of 2023; achieved 50.6% improvement over 2022, demonstrating strong commitment to reducing costs.
- **Strong Financial Position:** \$37.7 million in cash, cash equivalents and short-term investments, coupled with unused credit facilities, providing ample resources to drive GURU's path to profitability, and selectively investing in growth opportunities.
- **Revenue Growth and Margin Improvement:** Net revenue rose by 6.9% to \$23.1 million for the first nine months of 2024, up from \$21.6 million in 2023. Gross profit increased by 11.6% for the same period, resulting in year-to-date gross margin of 54.8% (55.4% in Q3), compared to 52.5% a year ago, underscoring continued focus on operational efficiency.
- **Quebec Market Share Expansion:** Increase in market share by more than one percentage point to 18.3% in units over the last nine months compared to the previous year, reinforcing strong presence in Quebec market (based on Nielsen Quebec and untracked channels).
- **Upcoming US Launches:** US launch of Zero Sugar line on Amazon, in select fitness clubs and retailers, featuring Wild Berry, Wild Strawberry Watermelon and Wild Ruby Red and representing a pivotal step in expanding GURU's footprint in the rapidly growing US sugar-free energy drink market.

**Montréal, Québec, September 12, 2024** - GURU Organic Energy Corp. (TSX: GURU) ("**GURU**" or the "**Company**"), Canada's leading organic energy drink brand<sup>1</sup>, today announced its results for the third quarter ended July 31, 2024. All amounts are in Canadian dollars unless otherwise indicated.

<b>Financial Highlights</b> (in thousands of dollars, except per share data)	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>July 31</b>		<b>July 31</b>	
	<b>2024</b>	2023	<b>2024</b>	2023
	\$	\$	\$	\$
Net revenue	<b>7,940</b>	8,878	<b>23,087</b>	21,602
Gross profit	<b>4,402</b>	4,545	<b>12,648</b>	11,331
Net loss	<b>(2,230)</b>	(3,006)	<b>(6,760)</b>	(8,276)
Basic and diluted loss per share	<b>(0.07)</b>	(0.09)	<b>(0.22)</b>	(0.26)
Adjusted EBITDA <sup>2</sup>	<b>(2,221)</b>	(3,010)	<b>(6,872)</b>	(8,062)

## Operational Excellence and Strategic Growth

**Robust Quebec Retail Performance:** GURU's 2024 product innovations, including Peach Mango Punch and Zero Wild Berry, continued to drive sales growth in Quebec, capturing a combined market share of 3.0% in the last four weeks ended July 13, 2024. Performance in Quebec wholesale club channel remained robust.

**US Market Growth Momentum:** Sales growth in the US natural food store channel (SPINS excluding Sprouts) remained strong at +7% over the last 52 weeks and +8% over the last 12 weeks, with Whole Foods showing significant acceleration in Q3 at +16% year-over-year. In August, sales at main retailers continued to rise sharply with Bristol Farms (+71%), Erewhon (+35%) and Independent Natural Food Retailers (+32%) leading the way against top brands.

**Online Sales Surge:** Double-digit online growth, with unit sales up by 37% on Amazon.ca and 45% on Amazon.com for the nine months ended July 31, 2024, compared to the previous year. Record Prime Day performance in July, outperforming last year's Prime Day by 25% on Amazon.ca and 76% on Amazon.com.

## Strategic Initiatives and Leadership

**Board of Directors Strengthening:** The Company has reinforced its board of directors with the addition of three new independent members—Jeff Church, Anne-Marie Laberge, and Tyler Ricks. These appointments bring extensive experience and diverse professional backgrounds to the board, enhancing the Company's strategic oversight and governance.

**Management Talent Acquisition:** GURU has further bolstered its management team by appointing Shingly Lee as Vice President of Marketing. This strategic hire underscores the Company's commitment to driving brand and market growth through innovative marketing strategies.

**Share Buyback Program:** Normal course issuer bid renewed, authorizing the purchase of up to 1,515,778 common shares through July 24, 2025, underscoring the Company's confidence in its long-term growth strategy.

**Special Promotions to Help Consumers Fight Inflation:** Rising costs have been a constant battle for consumers in recent years, and to help our GURU customer save while enjoying their favorite natural energy drink, starting tomorrow and for a limited time, 4-packs of Fruit Punch and Peach Mango Punch will be available at discounted prices in most Quebec grocery stores. In addition, cases of 24 cans of GURU Original will be available in main Quebec wholesale club warehouses for \$32.99.

**Recognition as a Great Place to Work®:** GURU is certified as a Great Place to Work®, reflecting commitment to fostering a positive and productive work environment.

## Quote

"Despite a decline in net revenue in the third quarter, mainly due to reduced shipments and decreased convenience store traffic, we achieved retail scan growth in our key channels. Notably, we delivered double-digit growth in our retail and untracked channels in Quebec, on Amazon in both Canada and the US, and at Whole Foods, while making significant progress in reducing our net loss. In response to the challenges, we initiated a packaging and messaging revitalisation and strengthened our marketing team with a focus on digital strategies. These efforts are aimed at boosting consumer engagement and driving future sales growth," said Carl Goyette, President and CEO of GURU.

"This fall will be very active for GURU, with the US launch of our GURU Zero Sugar line on Amazon and in select fitness clubs and retailers. This is a great opportunity for GURU to expand its GURU Zero brand in the US, a better-for-you energy drink that combines zero sugar, zero sucralose and zero aspartame in the zero-sugar beverage segment, which now represents 50% of the \$20+ billion North American energy drink category. In Canada, we will conduct our first roadshow at a leading wholesale club, featuring our Punch line in prime locations across the country. If successful, this could lead to new opportunities in this major channel."

"In the coming quarters, our primary focus will be on accelerating our return to profitability, and we are confident that we have ample resources to achieve this goal. We will continue to strategically deploy resources and capital to deliver tangible results and return on investment, all while remaining deeply committed to our consumers, driving innovation and fostering sustainable growth in key channels," concluded Mr. Goyette.

## **Results of Operations**

In Q3 2024, net revenue was \$7.9 million, compared to \$8.9 million in the same quarter of 2023. The decline was mainly due to GURU's Canadian activities, slightly offset by US online growth. Sales in Canada decreased to \$6.4 million from \$7.5 million in Q3 2023 primarily due to lower shipments and the timing and execution of promotional activities in retail banners. US sales grew by 10.3% to \$1.5 million from \$1.4 million in Q3 2023, as a result of continued online sales growth. For the nine-month period, net revenue increased by 6.9% to \$23.1 million, from \$21.6 million for the same period in 2023, mainly driven by stronger performance in the US wholesale club channel and online sales.

Gross profit totalled \$4.4 million in Q3 2024, compared to \$4.5 million in Q3 2023. Gross margin, which is comprised of distribution, selling and merchandising fees, rose to 55.4% in Q3 2024, compared to 51.2% for the same period a year ago. The significant gross margin improvement was driven by pricing dynamics, as well as a reduction in input costs. For the nine-month period, gross profit totalled \$12.6 million, compared to \$11.3 million a year ago. Gross margin for the nine-month period was 54.8%, compared to 52.5% last year. The significant improvement resulted mainly from lower input costs.

Selling, general and administrative expenses ("SG&A"), which include operational, sales, marketing and administration costs, amounted to \$7.0 million in Q3 2024, compared to \$8.1 million for the same period a year ago. Selling and marketing expenses decreased to \$4.0 million from \$5.7 million in Q3 2023, a result of timing of selling expenses for in store promotional activities, and marketing efficiencies. General and administrative expenses increased to \$3.0 million from \$2.4 million in Q3 2023 primarily due to operational factors, along with costs associated with the appointment of new board members and the hiring of a new executive. For the nine-month period, SG&A amounted to \$20.6 million, compared to \$20.8 million a year ago. The decrease is primarily attributed to effective cost control measures stemming from the reduction in sales and marketing expenses in Q3 2024.

Net loss totalled \$2.2 million or \$(0.07) per share in Q3 2024, compared to a net loss of \$3.0 million or \$(0.09) per share for the same quarter a year ago. The improved net loss reflects the lower sales and marketing expenses incurred in Q3 2024. Net loss for the nine-month period totalled \$6.8 million, or \$(0.22) per share in 2024, compared to a net loss of \$8.3 million or \$(0.26) per share for the same period a year ago.

Adjusted EBITDA<sup>2</sup> amounted to a loss of \$2.2 million in Q3 2024, compared to a loss of \$3.0 million for the same quarter in 2023. The decrease in Adjusted EBITDA loss this quarter was driven by lower sales and marketing expenses, while maintaining a relatively stable gross profit. Adjusted EBITDA for the first nine months of the year was a loss of \$6.9 million in 2024, compared to a loss of \$8.1 million in 2023. The improvement in Adjusted EBITDA loss for the period was driven by stronger net revenue and gross profit, coupled with lower expenses.

As at July 31, 2024, the Company had cash, cash equivalents and short-term investments of \$27.7 million, and unused Canadian- and US-dollar denominated credit facilities totalling \$10 million.

<sup>1</sup> Nielsen, 52-week period ended July 13, 2024, All Channels, Canada vs. same period a year ago.

<sup>2</sup> Please refer to the "Non-GAAP and Other Financial Measures" section at the end of this release.

## Conference call

GURU will hold a conference call to discuss its third quarter results today, September 12, 2024, at 10:00 a.m. ET. Participants can access the call as follows:

- Via webcast: <https://edge.media-server.com/mmc/p/zetyuiay>
- 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 October 31, 2024.

## About GURU Products

GURU energy drinks are made from a short list of plant-based active ingredients, including natural caffeine, with zero sucralose and zero aspartame. These carefully sourced ingredients are crafted into unique blends that push your body to go further and your mind to be sharper.

## About GURU Organic Energy

GURU Organic Energy Corp. (TSX: GURU) is a dynamic, fast-growing beverage company that launched the world's first natural, plant-based energy drink in 1999. The Company markets organic energy drinks in Canada and the United States through an estimated distribution network of about 25,000 points of sale, and through [www.guruenergy.com](http://www.guruenergy.com) and Amazon. GURU has built an inspiring brand with a clean list of organic ingredients, including natural caffeine, with zero sucralose and zero aspartame, which 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](http://www.guruenergy.com) or follow us [@guruenergydrink](https://www.instagram.com/guruenergydrink) on Instagram, [@guruenergy](https://www.facebook.com/guruenergy) on Facebook and [@guruenergydrink](https://www.tiktok.com/@guruenergydrink) on TikTok.

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## **Forward-Looking Information**

*This press release contains “forward-looking information” within the meaning of applicable Canadian securities legislation. Such forward-looking information includes, but is not limited to, information with respect to the Company’s objectives and the strategies to achieve these objectives, as well as information with respect to management’s beliefs, plans, expectations, anticipations, estimates and intentions. This forward-looking information is identified by the use of terms and phrases such as “may”, “would”, “should”, “could”, “expect”, “intend”, “estimate”, “anticipate”, “plan”, “believe” or “continue”, the negative of these terms and similar terminology, including references to assumptions, although not all forward-looking information contains these terms and phrases. Forward-looking information is provided for the purposes of assisting the reader in understanding the Company and its business, operations, prospects and risks at a point in time in the context of historical and possible future developments and therefore the reader is cautioned that such statements may not be appropriate for other purposes. Forward-looking information is based upon a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond management’s control, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, the following risk factors, which are discussed in greater detail under the “RISK FACTORS” section of the annual information form for the year ended October 31, 2023: management of growth; reliance on key personnel; reliance on key customers; changes in consumer preferences; significant changes in government regulation; criticism of energy drink products and/or the energy drink market; economic downturn and continued uncertainty in the financial markets and other adverse changes in general economic or political conditions, as well as the COVID-19 pandemic, the war in Ukraine and geopolitical developments, global inflationary pressure or other major macroeconomic phenomena; global or regional catastrophic events; fluctuations in foreign currency exchange rates; inflation; revenues derived entirely from energy drinks; increased competition; relationships with co-packers and distributors and/or their ability to manufacture and/or distribute GURU’s products; seasonality; relationships with existing customers; changing retail landscape; increases in costs and/or shortages of raw materials and/or ingredients and/or fuel and/or costs of co-packing; failure to accurately estimate demand for its products; history of negative cash flow and no assurance of continued profitability or positive EBITDA; repurchase of common shares; intellectual property rights; maintenance of brand image or product quality; retention of the full-time services of senior management; climate change; litigation; information technology systems; fluctuation of quarterly operating results; risks associated with the PepsiCo distribution agreement; accounting treatment of the PepsiCo Warrants; conflicts of interest; consolidation of retailers, wholesalers and distributors and key players’ dominant position; compliance with data privacy and personal data protection laws; management of new product launches; review of regulations on advertising claims, as well as those other risks factors identified in other public materials, including those filed with Canadian securities regulatory authorities from time to time and which are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Additional risks and uncertainties not currently known to management or that management currently deems to be immaterial could also cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. Although the forward-looking information contained herein is based upon what management believes are reasonable assumptions as at the date they were made, investors are cautioned against placing undue reliance on these statements since actual results may vary from the forward-looking information. Certain assumptions were made in preparing the forward-looking information concerning availability of capital resources, business performance, market conditions, and customer demand. Consequently, all of the forward-looking information contained herein is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that management anticipates will be realized or, even if substantially realized, that they will have the expected consequences or effects on the business, financial condition, or results of operation. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained herein is provided as of the date hereof, and management does not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.*

## **Non-GAAP and Other Financial Measures**

*This press release 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 EBITDA**

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

The exclusion of net finance expense eliminates the impact on earnings derived from non-operational activities, and the exclusion of depreciation, amortization and share-based compensation eliminates the non-cash impact of these items. Management believes that Adjusted EBITDA is a useful measure of financial performance without the variation caused by the impacts of the excluded items described above because it provides an indication of the Company's ability to seize growth opportunities in a cost-effective manner and finance its ongoing operations. Excluding these items does not imply that they are necessarily non-recurring. Management believes this measure, in addition to conventional measures prepared in accordance with IFRS, enable investors to evaluate the Company's operating results, 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**

	<b>Three months ended July 31</b>		<b>Nine months ended July 31</b>	
	<b>2024</b>	2023	<b>2024</b>	2023
<i>(In thousands of Canadian dollars)</i>	<b>\$</b>	\$	<b>\$</b>	\$
<b>Net loss</b>	(2,230)	(3,006)	(6,760)	(8,276)
Net financial income	(371)	(512)	(1,164)	(1,259)
Depreciation and amortization	227	312	690	857
Income taxes	17	13	21	32
Stock-based compensation expense	136	183	341	584
<b>Adjusted EBITDA</b>	<b>(2,221)</b>	<b>(3,010)</b>	<b>(6,872)</b>	<b>(8,062)</b>

### **Retail Consumer Scanned Sales**

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