Ten Peaks Coffee Company
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NEWS RELEASE: via The Canadian Select Disclosure Network and SEDAR
For release: **August 6, 2015 at 1:05 pm Pacific (4:05 pm Eastern)**

Attention: Business/Financial Editors
Ten Peaks Coffee Company Inc.
TRADING SYMBOL: **The Toronto Stock Exchange – TPK**

Ten Peaks Coffee Company Continues to Report Strong Results

Ten Peaks Coffee Company Inc. will hold a conference call to discuss its financial results for the three and six months ended June 30, 2015 ***today, August 6 at 2:30 pm Pacific Time (5:30 pm Eastern Time)****. To participate, please dial 1-800-952-4972 (toll free) or 416-340-8527 (GTA and international) approximately five minutes before the call and provide the company name. A replay will be available through August 21, 2015 at 1-800-408-3053 (toll free) or 905-694-9451 (GTA and international) passcode: 7251966.*

VANCOUVER, BC, August 6, 2015/ Marketwired / Ten Peaks Coffee Company Inc. ("Ten Peaks" or "the company") today reported financial results for the three and six months ended June 30, 2015. The three-month period represents the second quarter of the company's 2015 fiscal year. Ten Peaks is a leading specialty coffee company doing business through two wholly owned subsidiaries, Swiss Water Decaffeinated Coffee Company, Inc. ("SWDCC") and Seaforth Supply Chain Solutions Inc. ("Seaforth"), the company's green coffee handling and storage subsidiary. SWDCC is a premium green coffee decaffeinator located in Burnaby, BC, which employs the proprietary SWISS WATER® Process to decaffeinate green coffee without the use of chemicals. It is the company's primary business, and the results reported here reflect SWDCC's operating performance.

During the first half of 2015, SWDCC continued to experience strong demand for its SWISS WATER® Process decaffeinated coffees, with total processing volumes rising by 20% over the same period last year. This drove significant increases in Ten Peaks' six-month revenue and EBITDA, which rose by 42% and 53%, respectively.

It is important to note that a trucking strike at the Port Metro Vancouver in March 2014 skewed the company's first-half financial results last year, with processing volumes and financial results lower in the first quarter and higher in the second quarter than they otherwise would have been. Accordingly, the most relevant comparative period is the six months ended June 30, 2014.

In $000s except per share amounts (unaudited)	**3 months ended June 30**		**6 months ended June 30**	
	2015	**2014**	**2015**	**2014**
Sales	**$ 20,242**	$ 15,998	**$ 41,788**	$ 29,480
Gross profit	**1,986**	3,437	**4,586**	5,553
EBITDA(1)	**967**	2,499	**4,017**	2,622
Net income	**311**	1,820	**1,068**	1,147
Per share amounts:				
EBITDA per share	**0.14**	0.37	**0.60**	0.39
Net income per share	**0.05**	0.27	**0.16**	0.17

(1) See "*Definition and Reconciliation of EBITDA*" for more information.

All of SWDCC's business segments recorded substantial growth during the first half of 2015. Volumes to national accounts grew by 23%, due to increased orders from existing customers and to large customer wins late last year, while shipments to higher margin specialty regional customers grew by 15%. Geographically, volumes were up moderately in Canada, and significantly in both the US and internationally.

"Demand for our 'amazing coffees without caffeine' continued to build throughout the first half of this year," said Frank Dennis, President and CEO of Ten Peaks. *"The level of volume growth that we saw in the first 6 months of this year is unprecedented in our business. More and more, both consumers and coffee roaster-retailers are recognizing that we can provide exceptional coffees that deliver the complete sensory experience coffee lovers seek, without the caffeine. As a result, we have consistently won new accounts, while growing the business we do with existing customers."*

Overall sales grew by 42% to $41.8 million during the first six months of this year. The increase was driven by the significant increase in processing volumes, and a stronger US dollar ("US$"). During the first half, the US$ averaged $1.24, up by 13% from $1.10 for the same period in 2014. As 75% of the company's sales were generated in US$, the currency's appreciation helped boost revenues.

All three revenue categories rose year-over-year, reflecting the significant increase in processing volumes and the change in the US$. Process revenue (the amount customers are charged for decaffeinating coffee) grew by 30% to $9.6 million, while distribution revenue (the amount customers are charged for shipping, handling and warehousing) rose by 42% to $0.6 million. Green revenue (the base amount customers are charged for green coffee) grew by 46% to $30.3 million despite a declining coffee commodity price, or "NY'C'". The revenue increase was due to the stronger US$ and increased volumes, as well as orders from national accounts which were price-fixed in 2014 at a higher NY'C'. Some national accounts fix the price of green coffee six to 12 months ahead of when the coffee will be shipped to them.

During the six months ended June 30, 2015, the NY'C' declined by 21%, negatively impacting the company's gross profit. Approximately half of the coffee that SWDCC decaffeinates is sold to customers based on the current NY'C'. When the NY'C' declines over an extended period of time, these coffees are sold at a lower commodity price than they were purchased for. In addition, SWDCC buys coffee in US$ and resells it to certain national accounts in Canadian dollars. The rising US$ in the first six months of this year drove up the green coffee cost of sales to these customers, further reducing gross profit. As a result of these external factors, first-half gross profit declined by 17% to $4.6 million.

However, it is important to note that the reduced gross profit was offset by corresponding gains on the company's futures contracts and forward contracts. As Ten Peaks does not use hedge accounting, these gains are not reflected in gross profit, but rather are reported under gains/losses on derivative instruments. In addition, gains and losses on coffee futures in any particular quarter are not perfectly matched to cost of sales in that quarter. This is because SWDCC's hedges reflect the market value of purchase commitments and inventory at the end of the accounting period, whereas cost of sales reflect historical commodity prices of coffee sold in the period based on when the coffee was price-fixed and received into inventory (generally one to two quarters prior). The volatility in gross profit and earnings due to this timing difference reduces naturally over two to three quarters, as inventory is sold and replaced.

First-half sales and marketing expenses of $1.0 million, were up by 46% from last year. The increase is related to market research and advertising, which began in Q4 2014 in support of the SWISS WATER® brand, as well as the addition of sales and customer service personnel part way through 2014.

Six-month administration expenses rose by 43% to $2.5 million. The increase primarily reflects higher stock-based compensation expenses owing to the higher share price in the year-to-date. Ongoing growth in the business has also resulted in higher professional fees, as well as increased staffing and staff-related expenditures.

SWDCC enters into coffee futures contracts to manage the effects of changes in the NY'C' between the time the company commits to buy coffee at a fixed price and the time it sells that coffee at the then-current market price. In addition, it enters into foreign exchange forward contracts to mitigate the effects of changes in the US-Canadian dollar exchange rate. Realized gains and losses on these derivative instruments are recorded when they mature. As Ten Peaks does not use hedge accounting, unrealized gains and losses are recorded at the end of the reporting period, calculated using the market values of the NY'C' and the US$ at quarter-end.

Ten Peaks recognized $1.7 million in net gains on coffee futures contracts during the first half of this year owing to the declining NY'C', compared to a net loss of $1.4 million for the same period last year. The company also realized gains on its forward contracts to buy US$ in respect of coffee purchases for resale in Canadian dollars. These currency gains were offset by realized losses on forward contacts to sell US$ in respect of US$ revenues. In addition, Ten Peaks recorded unrealized losses on the company's currency forward contracts to sell US$ in future periods.

The appreciation of the US$ also resulted in a $0.4 million loss on foreign exchange being recorded when SWDCC's US$ denominated debt was revalued at the end of the period for reporting purposes, compared to losses of $33 thousand in the first six months of last year.

First half EBITDA was $4.0 million, up by 53% from $2.6 million last year. The increase was driven by strong volume growth and net gains on commodity futures, partially offset by lower gross profit and higher operating expenses. Six-month net income totaled $1.1 million, which is the same as last year.

Finally, Ten Peaks generated $4.5 million in cash from operations before changes in working capital accounts during the first half, compared to $1.6 million in the same period last year. The company used $1.2 million for changes in working capital, $0.6 million for capital expenditures, $0.3 million to repay debt and $0.8 million to pay dividends. The company's net debt (bank debt less cash on hand) declined by $1.3 million during the first half of this year.

Outlook

Annual processing volumes are expected to increase by 10% to 14% over 2014, owing to steadily rising demand for the company's premium quality decaffeinated coffees. Growth in processing volumes is the single most important driver of the company's financial results. As such, management expects 2015 to be another record year in terms of revenue and EBITDA.

In addition, volume growth is expected to continue to be driven by market share wins in the United States and internationally.

"It's a good time to be in the specialty coffee business," said Dennis. *"Global demand for high-quality coffee has grown significantly as consumer tastes have become more sophisticated. Our market has expanded with the introduction of single-serve coffee*

machines, which enable people to enjoy great coffee, with or without caffeine, whenever they want. We're also seeing demand for super-premium, or 'artisanal' coffees, grow across North America. This is starting to be replicated in international markets, where premium quality decaffeinated coffees have not previously been available. With our unique, hard-won ability to deliver 'amazing coffee without caffeine', we're already capitalizing on this large and growing market – and expect to continue benefiting from its expansion into the foreseeable future."

The steady growth in SWDCC's processing volumes makes it necessary to invest in additional production capacity to ensure that the company can continue to meet demand for its coffees. Accordingly, work to expand the production capacity at SWDCC's current decaffeination facility in Burnaby, BC began in the second quarter. This initiative, which was announced in May of this year, is expected to be completed in the first quarter of 2016.

During the second quarter, the company also completed preliminary engineering for a new facility, including a new decaffeination production line. Construction of the new facility (at a different location) is expected to begin within the next nine months and to take approximately 18 months to complete.

Equity Issue

Subsequent to the quarter end, on July 6, 2015, Ten Peaks announced that it had entered into an agreement with a syndicate of underwriters led by Cormark Securities Inc., and including CIBC World Markets Inc. and PI Financial Corp., pursuant to which they agreed to purchase, on a bought deal basis, 2,000,000 common shares at a price of $8.80 per share (the "Offering"), for aggregate gross proceeds of approximately $17,600,000. The Offering closed on July 28, 2015. Ten Peaks also agreed to grant to the underwriters an option to purchase up to an additional 300,000 common shares from treasury at the offering price exercisable at any time, in whole or in part, until the date that is 30 days following the closing of the Offering. The net proceeds of the Offering are expected to be used for growth opportunities, including a plant expansion at SWDCC's current facility, the construction of a new facility and production line, and for general working capital.

Payment of Quarterly Dividend

On July 15, 2015, the company paid an eligible quarterly dividend of $0.0625 per share to shareholders of record on June 30, 2015.

Definition and Reconciliation of EBITDA

Management defines EBITDA as net income before interest, depreciation, amortization, impairments, share-based compensation, gains/losses on foreign exchange, gains/losses on disposal of capital equipment, unrealized gains/losses on foreign exchange forward contracts and provision for income taxes. Ten Peaks' definition of EBITDA reflects realized gains and losses on foreign exchange forward contracts, which offset the currency risk of its US$ denominated revenues and coffee purchases which are resold in Canadian dollars. It also includes gains and losses on coffee as it is sold, together with the offsetting gains and losses on the commodity futures trading account.

Management uses EBITDA as one measure of Ten Peaks' financial performance. It is a calculation of cash from operations independent of changes in working capital balances, and thus complements cash flows from operations as reported on the statement of changes in financial position. As Ten Peaks does not use hedge accounting, its reported results under IFRS are heavily influenced by changes in the closing market values of the NY'C' and the US-Canadian dollar exchange rate, and thus can be difficult to interpret quarter-by-quarter. Ten Peaks' measure of EBITDA takes the cash flow impact of its currency and commodity hedges into account, and it represents cash flows that can be reasonably forecast and affected through growth initiatives and operational cost controls.

The reconciliation of net income to EBITDA is as follows:

(In $000s)
(unaudited)

	3 months ended June 30, 2015	3 months ended June 30, 2014	6 months ended June 30, 2015	6 months ended June 30, 2014
Income for the period	$ 311	$ 1,820	$ 1,068	$ 1,147
Income taxes	105	722	347	470
Income before tax	416	2,542	1,415	1,617
Finance income	(19)	(21)	(65)	(35)
Finance expenses	44	56	103	89
Depreciation & amortization	386	371	780	729
Unrealized (gain) loss on foreign exchange forward contracts	(309)	(359)	825	(14)
Loss (gain) on foreign exchange	97	(161)	446	33
Share-based compensation	352	71	513	203
EBITDA	**$ 967**	**$ 2,499**	**$ 4,017**	**$ 2,622**

Additional Information

A more detailed discussion of Ten Peaks' recent financial results and management's outlook can be found in the company's Management's Discussion and Analysis ("MD&A") for the three and six months ended June 30, 2015. This document, along with Ten Peaks' condensed consolidated interim financial statements, will be posted on SEDAR (www.sedar.com) and on the company's website (http://www.tenpeakscoffee.ca) on August 6, 2015.

Readers are cautioned that the summary information contained in this press release is not a suitable source of information for readers who are unfamiliar with Ten Peaks. This press release should be considered a precursor to, and not a substitute for, reading the financial statements and MD&A, which provide more detailed information related to the company's performance and future prospects.

Company Profile

Ten Peaks is a publicly traded company that owns all of the interests of the Swiss Water Decaffeinated Coffee Company Inc. (SWDCC), a premium green coffee decaffeinator located in Burnaby, BC. It also owns and operates Seaforth Supply Chain Solutions Inc. (Seaforth), a green coffee handling and storage business located in Metro Vancouver.

About SWDCC

SWDCC employs the proprietary SWISS WATER® Process to decaffeinate green coffee without the use of chemicals, leveraging science-based systems and controls to produce coffee that is 99.9% caffeine free. The SWISS WATER® Process is a 100% chemical free water process for coffee decaffeination, as well as the world's only consumer-branded decaffeination process. It is certified organic by the Organic Crop Improvement Association.

SWISS WATER® Process decaffeinated green coffees are sold to many of North America's leading specialty roaster retailers, specialty coffee importers and commercial coffee roasters. SWDCC also sells coffees internationally through regional distributors.

About Seaforth

Seaforth provides a complete range of green coffee logistics services including devanning coffee received from origin; inspecting, weighing and sampling coffees; and storing, handling and preparing green coffee for outbound shipments. Seaforth's warehouse and handling operation is certified organic by Ecocert Canada.

For more information, please contact:

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Forward-Looking Statements

Certain statements in this press release may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. When used in this press release, such statements may include such words as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements reflect management's current expectations regarding future events and operating performance, as well as management's current estimates, but which are based on numerous assumptions and may prove to be incorrect. These statements are neither promises nor guarantees, but involve known and unknown risks and uncertainties, including, but not limited to, risks related to processing volumes and sales growth, operating results, supply of coffee, general industry conditions, commodity price risks, technology, competition, foreign exchange rates, construction timing, costs and financing of capital projects, and general economic conditions.

The forward-looking statements and financial outlook information contained herein are made as of the date of this press release and are expressly qualified in their entirety by this cautionary statement. Except to the extent required by applicable securities law, Ten Peaks Coffee Company Inc. undertakes no obligation to publicly update or revise any such statements to reflect any change in management's expectations or in events, conditions, or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those described herein.