Ten Peaks Coffee Company
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Ten Peaks Coffee Company Reports Fourth Quarter and Annual Results and Declares Quarterly Dividend

Highest Volumes and Revenues in Company History

Ten Peaks Coffee Company Inc. will hold a conference call to discuss its financial results for the three months and year ended December 31, 2017, tomorrow, ***March 21st at 9:00am Pacific Time (12:00pm Eastern Time)****. To participate, please dial (877) 407-8035 (toll free) or (201) 689-8035 (international) approximately five minutes before the call and provide the company name. A replay will be available through April 4, 2018 at (877) 481-4010 (toll free) or (919) 882-2331 (international) passcode: 27167.*

VANCOUVER, BC, March 20, 2018/ GLOBE NEWSWIRE / Ten Peaks Coffee Company Inc. (**TSX – TPK**) ("Ten Peaks" or "the company") today reported financial results for the three months and year ended December 31, 2017. The three-month period represents the fourth quarter of the company's 2017 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. This is the company's primary business, and the results reported here reflect SWDCC's operating performance.

Ten Peaks reported strong results for 2017, including record-level revenues and processing volumes. Annual volumes were the highest in SWDCC's history, growing by 5% over 2016. The solid gains reflect a number of factors, including increased overall demand for decaffeinated coffee, a reduction in the number of third-party decaffeinators and SWDCC's long-established reputation for delivering premium, 100% chemical free decaffeinated coffee that is virtually indistinguishable from its caffeinated counterpart. As a result, SWDCC has succeeded in consistently gaining market share against its competitors.

"We continue to witness the evolution of the coffee consumer's palate towards more interesting and exciting coffees that are prepared well by specialty roasters and retailers," said Frank Dennis, President and CEO of Ten Peaks Coffee Company Inc. *"At the same time, we've also seen a growing willingness by specialty roasters to mirror their high-quality coffee offerings with premium decaffeinated coffees, which let people enjoy excellent coffee more often through the day, without worrying about their caffeine intake. In this way, our amazing SWISS WATER® Process decaffeinated coffees help our*

customers grow their business, while also tapping into a pervasive consumer desire for food and beverage that is both sustainable and 100% chemical free."

SWDCC's full-year volumes were up by 5% compared to 2016, with a slight year-over-year decline in the fourth quarter. Q4 2016 represented the highest quarterly volumes in SWDCC's history until the third quarter of 2017, when a new company record for quarterly volumes was set.

Performance Highlights

In $000s except per share amounts	**3 months ended December 31**		**12 months ended December 31**	
	2017	**2016**	**2017**	**2016**
Revenue	**$ 20,662**	$ 22,449	**$ 83,755**	$ 81,927
Gross profit	**3,178**	3,215	**12,590**	12,050
Operating income	**958**	1,526	**4,812**	5,017
EBITDA(1)	**1,334**	1,998	**6,923**	5,772
Net income	**(380)**	1,328	**4,160**	4,149
Earnings per share,(2) basic	**(0.04)**	0.15	**0.46**	0.46
Earnings per share,(2) diluted	**(0.04)**	0.15	**0.42**	0.46

(1) EBITDA is calculated and defined in the section on 'Non-IFRS Financial Measures' below.
(2) Per-share calculations are based on the weighted average number of shares outstanding during the period.

On a year-over-year basis, volumes showed strong growth in each of the first three quarters of 2017, before decreasing by 2% in Q4.

SWDCC's specialty accounts recorded solid volume gains in both periods, increasing by 4% in Q4 and by 9% for full year. Fourth quarter shipments to commercial accounts declined by 5%, while full-year commercial shipments rose by 2%.

Shipments to roasters (who roast and package coffee to sell to consumers in the roasters' own coffee shops, or for home or office use) increased by 6% in the fourth quarter and by 2% for the full year. Shipments to importers (who resell SWDCC coffees to roasters, where and when they need it) were down by 17% in Q4 2017, but rose by 11% for the full year. In 2016, several months of rising green coffee costs (or a rising "NY'C'") prompted importers to reduce their coffee inventories and delay buying. Then, in Q4 2016, the NY'C' dropped quickly, prompting an influx of orders as importers rebuilt their inventories. Importers continued to build their inventories through much of 2017, as the NY'C' declined from US $1.37 per pound at the end of 2016 to US $1.26 per pound at the end of 2017.

Fourth quarter sales totaled $20.7 million, a decrease of $1.8 million, or 8%, from the same period in 2016. Process revenue (the amount SWDCC charges its customers for decaffeinating green coffee) decreased by 1%, reflecting the decrease in sales to commercial customers. This was partially offset by hedging gains in the period. Green revenue (the amount SWDCC charges its customers for the green coffee it purchases for decaffeination) decreased by 12%, reflecting the drop in the NY'C' and slightly lower volumes. Distribution revenue (the shipping, handling and warehousing charges billed to customers) rose by 12%, due to growth in Seaforth's warehousing business.

For the full year, sales totaled $83.8 million, an increase of $1.8 million, or 2%, over 2016. Process revenue increased by 5%, which was in line with the higher annual volumes. Revenue hedges contributed $0.9 million to process revenue, offsetting the impact of a lower average US dollar. During 2017, the USD averaged $1.30 Canadian, which was 2% lower than in 2016. As the majority of Ten Peaks' revenues are denominated in US$, its financial results are affected by changes in the US$/C$ exchange rate. Green revenue remained flat, as higher sales volumes were offset by a lower NY'C'. Distribution revenue rose by 14%, with higher volumes and growth in Seaforth's warehousing business driving the increase.

Cost of sales for the fourth quarter declined by 9% to $17.5 million. This was primarily due to lower green coffee costs, owing to a lower NY'C' and slightly lower volumes. Annual cost of sales was $71.2 million, up by $1.3 million, or 2%, over 2016. The increase was driven by higher volumes, and a stronger US$ earlier in the year, mitigated by $0.9 million in commodity hedges and customer-specific hedges related to cost of sales.

Gross profit decreased by 1% in the fourth quarter, with the decline in revenue for the period slightly exceeding the decrease in cost of sales. Gross profit for the full year increased by 4%, as higher revenues and shipments more than offset the increase in annual cost of sales in 2017.

Sales and marketing expenses grew by 11% to $0.7 million in the fourth quarter, and by 8% to $2.6 million for the year. In 2017, the Company increased investments in increased sales and marketing resources in support of SWDCC's strategic growth initiatives.

Administration expenses increased by 48% to $1.5 million in the fourth quarter and by 13% to $5.1 million for the full year. In both periods, the increases reflected higher staffing and staff-related expenses, including stock-based compensation expenses, as well as recruitment expenses for positions filled late in the year.

Operating income was down by 37% to $1.0 million for the fourth quarter and down by 4% to $4.8 million for the year.

Two non-cash items – a loss on foreign exchange and a loss on the fair value of the embedded option – reduced earnings by $1.1 million in the fourth quarter. Overall, Ten Peaks recorded a net loss of $0.4 million in the period, compared to net income of $1.3 million in Q4 2016. For the full year, net income totaled $4.2 million. This was unchanged from 2016, as last year's increases in gross profit, gains on risk management activities, and a gain on the embedded option were offset by higher operating costs and financing costs.

EBITDA for the fourth quarter declined by 33% to $1.3 million, reflecting lower operating income and reduced gains on risk management activities in the period. On an annual basis, EBITDA rose by 20% to $6.9 million, driven by higher processing volumes and operating income, as well as improved performance on risk management activities.

Outlook

Overall, management expects double-digit volume increases in 2018, with a number of factors supporting an expectation of ongoing growth in SWDCC's (and therefore Ten Peaks') business. Recent market research from the National Coffee Association[1] shows that decaffeinated coffee is the fastest growing segment of the US coffee market. Total decaffeinated coffee sales are up year-over-year, and specialty decaffeinated coffee sales are particularly strong, especially in out-of-home markets.

Additionally, consumers are more conscious than ever of artificial ingredients and chemicals in the production of their food and drink. As a result, SWDCC has seen increased demand for its sustainable, organically certified and conventional SWISS WATER® Process coffees, as more food companies employ its branded coffees in response to this strong market trend.

Changes in the global decaffeination market are also enhancing SWDCC's growth prospects. An older decaffeination plant in Europe closed recently, reducing the number of chemical free, third-party decaffeinators available. SWDCC has already won some additional business from coffee companies affected by this shutdown, with additional growth expected in the future.

As noted previously, Ten Peaks is building a new state-of-the-art production facility that will enable the company to meet the anticipated long-term growth in demand for its premium decaffeinated coffees. Construction of the facility, which is located in Delta, BC, began in May 2017 and is expected to be completed in 2018. Initially, the plant will house one new production line, although the site is large enough for further expansion to meet growing demand well into the future. The new production line is under construction and is expected to be commissioned in Q2 2019. The additional capacity that was added at Ten Peaks' Burnaby, B.C. facility in Q1 2016, together with initiatives currently underway to enhance production flow, is expected to be sufficient to meet anticipated growth in demand until the new line is operational.

During the coming year, management's primary focus will be to position SWDCC for steady future growth, including by securing new business to fill its current capacity and to leverage the new production capacity that will be coming online in 2019. In the second quarter of this year, the company expects to open a European sales office, to better serve customers in the EU – the world's largest decaffeinated coffee market. In addition, SWDCC is expanding its ability to target specific customer groups by selectively adding to its sales and marketing team. Although these initiatives will increase expenses

[1] National Coffee Association 2017 Coffee Drinking Trends

somewhat, they are expected to generate increased sales orders beginning in the second half of this year.

"We are already experiencing substantial volume growth in the first quarter of 2018, with much of that fueled by international clients," said Dennis. *"In addition to growth from our current customers, we are seeing strong demand from new customers, who were previously ordering chemical-free decaffeinated coffee from the now-defunct CO^2 plant in Europe. In order to ensure that we can fulfill this additional demand for our coffees, we are increasing our sales and operational resources. This includes beginning to operate in two different locations once our new facility in Delta is complete. Although these measures will increase our operating costs in the near term, we believe that it's important to build our team now, so that we can both capitalize on the near-term market gains that are currently available, and support the considerable future growth we anticipate once our new production line is on stream."*

Quarterly Dividends

On January 15, 2018, Ten Peaks paid an eligible quarterly dividend of $0.0625 per share to shareholders of record on December 29, 2017.

In addition, the company has declared an eligible quarterly dividend for the first quarter of this year. Accordingly, a cash dividend of $0.0625 per share will be paid on April 16, 2018, to shareholders of record on March 29, 2018.

Non-IFRS Financial Measures

EBITDA

Ten Peaks 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, fair value adjustments on the embedded option, and provision for income taxes. EBITDA also excludes unrealized gains and losses on the undesignated foreign exchange forward contracts.

The reconciliation of net income to EBITDA is as follows:

(In $000s)

	3 months ended December 31, 2017	3 months ended December 31, 2016	12 months ended December 31, 2017	12 months ended December 31, 2016
Income for the period	$ (380)	$ 1,328	$ 4,160	$ 4,149
Income taxes	454	590	1,606	1,593
Income before tax	74	1,918	5,766	5,742
Finance income	(174)	(124)	(580)	(342)
Finance expenses	368	316	1,414	346
Depreciation & amortization	583	596	2,172	2,053
Unrealized gain on foreign exchange forward contracts	(679)	(603)	(1,462)	(1,750)
Fair value loss (gain) on embedded option	305	(6)	(604)	(6)
(Gain) loss of foreign exchange	751	(66)	6	(91)
Share-based compensation	106	(33)	211	(180)
EBITDA	**$ 1,334**	**$ 1,998**	**$ 6,923**	**$ 5,772**

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In addition, the reconciliation of EBITDA to operating income is as follows:

(In $000s)

	3 months ended December 31, 2017	3 months ended December 31, 2016	12 months ended December 31, 2017	12 months ended December 31, 2016
Operating income for the period	$ 958	$ 1,525	$ 4,812	$ 5,017
Add back:				
Depreciation & amortization	583	596	2,172	2,053
Share-based compensation	106	(33)	211	(180)
Gain (loss) on risk management activities	366	519	1,190	638
Deduct:				
Unrealized (gain) loss on foreign exchange forward contracts	(679)	(609)	(1,462)	(1,756)
EBITDA	**$ 1,334**	**$ 1,998**	**$ 6,923**	**$ 5,772**

Additional Information

A more detailed discussion of Ten Peaks' recent financial results and management's outlook can be found in the company's MD&A for the year ended December 31, 2017. This document, along with Ten Peaks' audited consolidated financial statements for the year ended December 31, 2017, will be posted on SEDAR (www.sedar.com) and on the company's website (http://www.tenpeakscoffee.ca) on March 20, 2018.

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 amazing 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.