



Swiss Water Decaffeinated Coffee Inc.
7750 Beedie Way | Delta | British Columbia | Canada V4G 0A5

Swiss Water Reports Second Quarter 2025 Results

Vancouver, BC, August 6, 2025 – Swiss Water Decaffeinated Coffee Inc. (TSX:SWP) (“Swiss Water” or “the Company”), a leading specialty coffee company and premium green coffee decaffeinator, today reported financial results for the three and six months ended June 30, 2025. All amounts are expressed in Canadian dollars unless otherwise stated.

Second Quarter 2025 Highlights

- Q2’25 processed volumes remained relatively stable over Q2’24;
- Revenue of \$67.7 million, an increase of 56% over Q2’24;
- Net Loss of \$0.4 million, a decrease of \$1.3 million over Q2’24;
- Adjusted EBITDA of \$1.8 million, a decrease of \$2.7 million or 59% over Q2’24;
- The NY’C’ coffee futures price for Arabica coffee remained volatile during Q2’25, peaking at US\$4.10/lb in April. During Q2’25, the NY’C’ averaged US\$3.59/lb, compared to an average of US\$2.20/lb in Q2’24, an increase of 64%;
- Operating credit facility renewed and expanded to \$80M;
- Agreement with Mill Road Capital to repurchase and cancel outstanding warrants.

Year to Date 2025 Highlights

- Year to date processed volumes increased 2% over 2024;
- Revenue of \$130.0 million, an increase of 58% over 2024;
- Net income of \$0.1 million, an increase of \$0.05 million over 2024;
- Adjusted EBITDA of \$3.8 million, a decrease of \$3.4 million or 47% over 2024;

“We are pleased to have delivered volume growth and stable net income during the first six months of this year, reflecting the ongoing strength of our customer relationships and the resilience of our business. Despite solid volume performance, our year-over-year second quarter profitability was adversely effected by losses from rolling forward hedge positions within an inverted market, depreciation of the U.S. dollar, increased production costs due to our strategic decision to reduce finished goods inventory, and the front loading of maintenance costs in 2025. In any period, material variances in revenue and Adjusted EBITDA versus prior year can arise due primarily to volatility in commodity pricing and foreign exchange rates. Through our risk management activities, we hedge versus this



volatility so that over time, the Adjusted EBITDA and net income reflect pure operating performance exclusive of these volatile factors. We expect the industry specific volatility that effected our second quarter to be temporary and reverse year-to-go,” said Frank Dennis, CEO of Swiss Water. “In addition, I am delighted that during the second quarter, we executed initiatives to materially strengthen our balance sheet. We renewed and expanded our operating credit facility, continued to repay construction debt, and reached an agreement to repurchase and cancel the Mill Road Capital warrants. These steps continue to enhance our financial flexibility and support our long-term strategy.”

Summary of Operational Performance

- Total processing volumes in pounds for the first half increased by 2% when compared to 2024, supported by continued customer demand and strong order flow. With all production now fully consolidated in Delta and both decaffeination lines running 24/7, except for planned maintenance, we have returned to a more predictable distribution of sales, reflecting both operational momentum and a growing, stable customer base.
- The NY'C' coffee futures price for Arabica coffee remained volatile during Q2, peaking at US\$4.10/lb in April 2025. Spot availability of coffees remains very low, and pressure on the futures market intensified during the quarter. Moving forward, the higher prices and inverted coffee futures market may result in a softening of consumer demand and volumes shipped to importers.
- During the first quarter of 2025, the US administration signalled its intention to impose blanket tariffs on Mexican and Canadian imports. Swiss Water's decaffeination process has been formally classified by US customs as “non-transformational”, allowing processed beans to retain the original country-of-origin status for tariff purposes. As a result, Swiss Water's exports to the US were not subject to tariffs during the three months ended March 31, 2025, but were subject to a 10% blanket tariff rate, or the applicable tariff rate of the country of origin of the coffee in Q2.



Summary of Financial Results

In C\$ '000s except for per share amounts	3 months ended June 30				6 months ended June 30			
	2025	2024	\$ Change	% Change	2025	2024	% Change	% Change
Revenue	67,695	43,372	24,323	56%	129,967	82,102	47,865	58%
Cost of sales	(62,447)	(35,707)	(26,740)	75%	(117,432)	(69,322)	(48,110)	69%
Gross profit	5,248	7,665	(2,417)	-32%	12,535	12,780	(245)	-2%
Operating expenses	(3,864)	(3,917)	53	-1%	(7,253)	(7,668)	415	-5%
Operating income	1,384	3,748	(2,364)	-63%	5,282	5,112	170	3%
Non-operating or other	(2,005)	(2,077)	72	-3%	(5,232)	(4,565)	(667)	15%
Income (loss) before tax	247	(724)	971	-134%	91	(500)	591	-118%
Net income (loss)	(374)	947	(1,321)	-139%	141	47	94	200%
Adjusted EBITDA ⁽¹⁾	1,828	4,484	(2,656)	-59%	3,836	7,272	(3,436)	-47%
Earnings (loss) per share ⁽²⁾								
Basic	(0.04)	0.10			0.01	0.01		
Diluted	(0.10)	0.07			(0.16)	0.01		

¹ Adjusted EBITDA is defined in the 'Reconciliation of Non-IFRS Measures' section of the Management Discussion and Analysis and is a "Non-GAAP Financial Measure" as defined by CSA Staff Notice 52-306.

² Per-share calculations are based on the weighted average number of shares outstanding during the periods. Diluted earnings per share take into account shares that may be issued upon the exercise of warrants and equity-based RSUs.

- Revenue for the three and six months ended June 30, 2025, was \$67.7 million and \$130.0 million, which represents a \$24.3 million or 56% increase and a \$47.9 million or 58% increase, when compared to the same periods in 2024. The increase was primarily driven by a higher NY'C' coffee futures price and enhanced further by volume growth, tariff inclusion and pricing initiatives within our distribution business.
- Gross profit for the three and six months ended June 30, 2025, was \$5.2 million and \$12.5 million, which represents a \$2.4 million or 32% decrease and a \$0.2 million or 2% decrease, when compared to the same periods in 2024. In Q2, the decrease was primarily driven by foreign exchange losses on green coffee cost recovery associated



with the depreciating US\$ dollar, front loading of maintenance costs for our production lines, as well as the reversal of an inventory provision in 2024, which increased gross profit in 2024. There was no such reversal in 2025. Year to date, the decrease was primarily driven by the year-over-year effect of the reversal of an inventory provision in 2024 and the front loading of maintenance costs for our production lines in 2025, partially offset by volume growth and lower utility charges.

- Gross margin percentage for the three and six months ended June 30, 2025, was 8% and 10%, versus 18% and 16% compared to the same periods in 2024. The decline in gross margin percentage was mainly due to a significant increase in green coffee revenue within our revenue stream sales mix, which has materially lower percentage margins than our other revenue streams, but higher dollar per pound or absolute margins, as well as the factors previously described.
- For the three and six months ended June 30, 2025, we recorded net loss after taxes of \$0.4 million and net income after taxes of \$0.1 million, compared to a net income after taxes of \$0.9 million and \$0.05 for the same periods in 2024. The decrease in Q2 was primarily driven by a decrease in gross profit, as described above, and higher than expected losses from rolling forward hedge positions within an inverted market. The increase year to date was primarily driven by a gain on the fair value of borrowings embedded option, reduced net finance expense, partially offset by higher expected losses from rolling forward hedge positions within an inverted market. Revised pricing initiatives are in place and are expected to fully recover these incremental hedge losses year-to-go. However, because the recovery occurs when sales are shipped and invoiced and not when contracts are rolled, this creates a time lag in the recovery of these costs, and has adversely effected the distribution of net income between quarters.

Adjusted EBITDA

Swiss Water defines Adjusted EBITDA as net income before interest, depreciation, amortization, impairments, share-based compensation, gains/losses on foreign exchange, gains/losses on disposal of property and capital equipment, fair value adjustments on embedded options, loss on extinguishment of debt, adjustment for the impact of IFRS 16 -



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Leases, and provision for income taxes and other non-cash gains related to a remeasurement of asset retirement obligation. The Company's definition of Adjusted EBITDA also excludes unrealized gains and losses on the undesignated portion of foreign exchange forward contracts.

The reconciliation of net income, an IFRS measure, to Adjusted EBITDA is as follows:

In C\$ '000s	3 months June 30		6 months June 30	
	2025	2024	2025	2024
Net income (loss)	\$ (374)	\$ 947	\$ 141	\$ 47
Income tax (recovery) expense	(247)	724	(91)	500
Income (loss) before tax	\$ (621)	\$ 1,671	\$ 50	\$ 547
Finance income	(362)	(446)	(740)	(906)
Finance expense	1,702	2,293	3,420	4,581
Depreciation & amortization	1,850	1,679	3,628	3,395
Unrealized (gain) loss on foreign exchange forward contracts	54	26	71	(12)
Fair value (gain) loss on the embedded option	(546)	(83)	(1,657)	808
(Gain) loss on foreign exchange	110	(206)	269	(586)
Share-based compensation	275	189	67	724
Impact of IFRS 16 - Leases	(634)	(639)	(1,272)	(1,279)
Adjusted EBITDA	\$ 1,828	\$ 4,484	\$ 3,836	\$ 7,272

Subsequent Event

On July 3, 2025, the Company completed an agreement with Mill Road Capital to purchase from Mill Road Capital the outstanding share purchase warrants entitling Mill Road Capital to acquire up to 2.25 million common shares of the Company. The share purchase warrants had an exercise price of \$3.33 per share and were to expire on April 30, 2026. The purchase price for the share purchase warrants was \$0.7 million. The payment was executed on July 3, 2025, and the outstanding warrants were cancelled.



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Call Details

A conference call to discuss Swiss Water's recent financial results will be held on **Thursday, August 7, 2025**, at 1:00 pm Pacific (4:00 pm Eastern). To access the conference call, please dial:

- **1-888-506-0062** (toll-free) or
- **1-973-528-0011** (international);
- *Listeners will be prompted to provide **an access code: 741915**. If a listener does not have this code, they can reference the **Company name** as an alternative passcode.*

A replay will be available through August 21, 2025, at

- **1-877-481-4010** (toll-free) or
- **1-919-882-2331** (international); *replay passcode: 52720*

A more detailed discussion of Swiss Water Decaffeinated Coffee Inc.'s recent financial results is provided in the Company's Management Discussion and Analysis filed on SEDAR+ and Swiss Water's website (investor.swisswater.com).

For more information, please contact:

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About Swiss Water

Swiss Water Decaffeinated Coffee Inc. is a leading specialty coffee company and a premium green coffee decaffeinator that employs the proprietary Swiss Water® Process to decaffeinate green coffee without the use of chemical solvents such as methylene chloride. It also owns Seaforth Supply Chain Solutions Inc., a green coffee handling and storage business. Both businesses are located in Delta, British Columbia, Canada.



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Forward-Looking Statements

Certain statements in this press release may constitute “forward-looking” statements that involve known and unknown risks, uncertainties and other factors that 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”, “anticipate” and other similar terminology. These statements reflect management’s current expectations regarding future events and operating performance, as well as management’s current estimates, 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, the supply of utilities, the supply of coffee and packaging materials, supply of labour force, general industry conditions, commodity price risks, technology, competition, foreign exchange rates, construction timing, costs and financing of capital projects, a potential impact of any pandemics, global and local climate changes, changes in interest rates, inflation, transportation availability, 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, Swiss Water 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.