



Swiss Water Decaffeinated Coffee Inc.

7750 Beedie Way | Delta | British Columbia | Canada V4G 0A5

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## Swiss Water Reports 2020 Fourth Quarter and Year End Results

VANCOUVER, BC, March 18, 2021 / GLOBE NEWSWIRE / 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 fourth quarter and year ended December 31, 2020.

### 2020 Financial and Operational Highlights

- The company’s new Delta, B.C. production facility is operating well, and commercial shipments from this location continue to increase.
- Revenue increased by \$0.3 million to \$97.6 million for the year ended December 31, 2020. Fourth quarter revenue was \$24.5 million, down 2% compared to Q4 2019.
- Fourth quarter EBITDA increased to \$1.9 million from \$1.5 million last year. EBITDA, excluding the impact of IFRS 16, was \$1.2 million, up from \$0.8 million in the fourth quarter of 2019.
- For the year ended December 31, 2020, both operating income and net income remained relatively flat at \$5.1 million and \$2.9 million respectively, when compared to 2019.
- 2020 processing volumes were negatively affected by the COVID-19 pandemic, however proved much more resilient than the company anticipated at the onset of the pandemic in Q1. During the fourth quarter, specialty volumes increased by 12% over Q4 2019.
- Processing volumes declined by 6% for the full year and by 4% in the fourth quarter compared to the same periods in 2019.

*“We are pleased to report that our volumes have remained relatively resilient, despite the ongoing trading challenges resulting from the COVID-19 pandemic, and that on a full year basis our financial metrics tracked in line with last year, despite a reduction in volume processed,”* said Frank Dennis, Swiss Water’s President and CEO. *“The aggressive vaccination programs now being implemented around the world to combat the pandemic give us hope that a return to more normal market conditions is on the horizon. Given our company’s strong competitive position, the positive macro trends driving our business and the strength of the Swiss Water brand, we are cautiously optimistic that our volumes will rebound as 2021 unfolds. That said, the continuing negative impacts of the COVID-19 pandemic and the emergence of new variants of the disease make the short-term outlook for us impossible to predict with surety.”* said Dennis.



## Operational Highlights

The following table shows changes in volumes during the fourth quarter and the year ended December 31, 2020 compared to the same periods in 2019.

Volumes	3 months ended December 31, 2020	Year ended December 31, 2020
Change in total volumes	-4%	-6%
<u>By customer type</u>		
Roasters	-5%	-4%
Importers	-3%	-8%
Specialty	+12%	-1%
Commercial	-13%	-8%

- In September 2020, Swiss Water successfully completed its first production run of commercial-grade coffee from its Delta, B.C. facility. This marked the final step in the startup of the initial processing line at the company's new, technically advanced decaffeination facility and the culmination of a three-year effort to develop additional capacity to service the growing demand for its sustainably sourced, chemical free decaffeinated coffees. The facility is operating well, and commercial shipments from this location continue to increase.
- Total volumes in the fourth quarter and year ended December 31, 2020 declined by 4% and 6%, respectively, compared to the same periods in 2019. Although processing volumes were negatively impacted by the pandemic, they proved more resilient than originally anticipated. The fact that Swiss Water recorded 6% volume growth within the Asia Pacific region in 2020 is encouraging.
- As in the past, Swiss Water's largest geographical market by volume in Q4 continued to be the United States, followed by Canada, Europe and other international markets. By dollar value, for the year ended December 31, 2020, 49% of sales were to customers in the United States, 31% were to Canada, and the remaining 20% were to other countries.
- Swiss Water's operations were deemed essential services during the pandemic, and as such, the company continued to supply decaffeinated coffee to food manufacturers and retailers who support consumers around the world throughout 2020. To protect all stakeholders, Swiss Water implemented best health practices and social distancing at all its production facilities, warehouses and offices as recommended by the appropriate health authorities.



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## Financial Highlights

In \$000's except per share amounts (unaudited)	3 months ended December 31		Year ended December 31	
	2020	2019	2020	2019
Sales	\$ 24,512	\$ 25,023	\$ 97,571	\$ 97,230
Gross profit	2,861	4,106	15,652	16,494
Operating income	126	539	5,137	5,162
Net income	(320)	716	2,949	2,944
EBITDA <sup>1</sup>	1,888	1,454	9,759	10,350
EBITDA excluding IFRS 16-Leases <sup>2</sup>	1,186	797	7,042	7,344
Net income per share – basic <sup>3</sup>	\$ (0.04)	\$ 0.08	\$ 0.32	\$ 0.32
Net income per share – diluted <sup>3</sup>	\$ (0.04)	\$ 0.08	\$ 0.25	\$ 0.32

<sup>1</sup> EBITDA is defined in the 'Non-IFRS Measures' section of the MD&A and is a "Non-GAAP Financial Measure" as defined by CSA Staff Notice 52-306.

<sup>2</sup> EBITDA excluding the impact of IFRS 16 - Leases is defined as EBITDA, less lease payments made during the year.

<sup>3</sup> 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 conversion of convertible debt and RSUs as well as the impact on earnings from changes in the fair market value of the embedded option in the convertible debt and conversion of RSUs.

- Revenue increased by \$0.3 million to \$97.6 million for the year ended December 31, 2020. Fourth quarter revenue was \$24.5 million, down 2% compared to Q4 2019. Increased freight revenue and the positive impact of changes in customer mix have positively contributed to revenue in 2020. These gains were partially offset by lower volumes and softening coffee quality differentials.
- Full-year EBITDA was \$9.8 million, a decrease of \$0.6 million, or 6%, when compared to 2019. EBITDA, excluding the impact of IFRS 16, was \$7.0 million, a decrease of \$0.3 million, or 4% when compared to 2019. Fourth quarter EBITDA was \$1.2 million, up by \$0.4 million, or 49% from the same period in 2019. The drop in annual EBITDA during 2020 was expected and reflects a softening of coffee quality differential gains in the second half of the year.

## Company Profile

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 solvents such as methylene chloride. It also owns Seaforth Supply Chain Solutions, a green coffee handling and storage business. Both businesses are located in the cities of Burnaby and Delta, British Columbia, Canada.

## Additional Information

*A conference call to discuss Swiss Water's recent financial results will be held tomorrow, **March 19, 2021 at 10:00 am Pacific Time (1:00 pm Eastern Time)**. To access the conference call, please dial 1-888-506-0062 (toll free) or 1-973-528-0011 (international); passcode: 969841. A replay will be available through April 2, 2021 at 1-877-481-4010 (toll free) or 1-919-882-2331 (international); passcode: 40393.*



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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 ([www.sedar.com](http://www.sedar.com)) and the company's website ([investor.swisswater.com](http://investor.swisswater.com)).

**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, the supply of utilities, the supply of coffee, general industry conditions, commodity price risks, technology, competition, foreign exchange rates, construction timing, costs and financing of capital projects, a potential impact of the COVID-19 pandemic, 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 herein.*