



**Swiss Water Decaffeinated Coffee Inc.**

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

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## **Swiss Water Reports Strong First Quarter Volume and Revenue**

VANCOUVER, BC, May 6, 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 three months ended March 31, 2021.

### **2021 First Quarter Financial and Operational Highlights**

- Quarterly revenue was \$25.7 million, an increase of 18%, or \$3.9 million, when compared to the same period in 2020.
- Quarterly processing volumes were up by 14% year over year.
- The company’s European business recovered strongly with volumes up by 275% compared to Q1 last year. Business in North America and Asia Pacific reported volume growth of 4% and 11% respectively during the quarter.
- First quarter EBITDA increased to \$2.7 million from \$2.6 million last year.
- As expected, for the three months ended March 31, 2021, both operating income and net income decreased to \$0.7 million and a loss of \$0.1 million respectively, when compared to the first quarter of 2020. The changes were due to additional depreciation, incremental production costs following the commissioning of our new Delta manufacturing facility, and non-cash stock based compensation expenses.
- Swiss Water’s new Delta, B.C. production facility is running 24/7, and commercial shipments from this location continue to increase. The product quality performance from this line is very good.

*“We are pleased to report that our volumes continued to prove resilient, despite the ongoing trading challenges resulting from the COVID-19 pandemic, and that all our trading regions reported strong growth during the first quarter of 2021. It was particularly encouraging to see our European business deliver 275 percent growth compared to the first quarter of last year,” said Frank Dennis, Swiss Water’s President and CEO. “As we look forward into the second quarter we are seeing a strong order book and we are optimistic that as vaccinations continue to roll out around the globe we will see sustained volume strength in the back half of 2021”, said Dennis.*



## Operational Highlights

The following table shows changes in volumes during the first quarter ended March 31, 2021 compared to the same period in 2020. It also shows volume changes for the full 2020 fiscal year compared to 2019.

Volumes	3 months ended March 31, 2021	Year ended December 31, 2020
Change in total volumes	14%	-6%
<u>By customer type</u>		
Roasters	3%	-4%
Importers	34%	-8%
Specialty	19%	-1%
Commercial	10%	-8%

- Total volumes in the first quarter of 2021 improved by 14% compared to the same period last year. Across all geographical markets, many of the company's customers are starting to experience growing consumer demand and are beginning to plan for trading activity closer to pre-pandemic levels. Encouragingly, Swiss Water recorded 4% and 11% volume growth in its North America and Asia Pacific regions respectively during the quarter. In Europe, volumes increased by an impressive 275%.
- As in the past, Swiss Water's largest geographical market by volume in Q1 continued to be the United States, followed by Canada, Europe and other international markets. By dollar value, for the three months ended March 31, 2021, 43% of sales were to customers in the United States, 33% were to Canada, and the remaining 24% were to other countries.
- In September 2020, Swiss Water successfully completed its first production run of commercial-grade coffee from its new Delta, B.C. facility. During the first quarter, a significant portion of production volume was transitioned to Delta, reducing some of the pressure on the company's legacy production assets in Burnaby, B.C. The Delta facility is now running smoothly on a 24/7 basis.
- Swiss Water's operations were deemed essential services at the outset of the pandemic, and as such, the company continued to supply decaffeinated coffee to food manufacturers and retailers who support consumers around the world throughout the first quarter. To protect all stakeholders, Swiss Water has maintained best health practices and social distancing at all its production facilities, warehouses and offices as recommended by the appropriate health authorities.



## Financial Highlights

In \$000's except per share amounts (unaudited)	3 months ended March 31	
	2021	2020
Sales	\$ 25,692	\$ 21,817
Gross profit	3,552	4,206
Operating income	738	2,035
Net (loss) income	(96)	1,448
EBITDA <sup>1</sup>	2,689	2,640
EBITDA excluding IFRS 16-Leases <sup>2</sup>	1,987	1,981
Net (loss) income per share – basic <sup>3</sup>	\$ (0.01)	\$ 0.16
Net (loss) income per share – diluted <sup>3</sup>	\$ (0.01)	\$ 0.02

<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 \$3.9 million to \$25.7 million for the three months ended March 31, 2021. Volume growth and higher green coffee prices in the quarter contributed positively to the growth in revenue.
- First quarter EBITDA was \$2.7 million, an increase of \$0.1 million, or 2%, when compared to last year. Quarterly EBITDA, excluding the impact of IFRS 16, was \$2.0 million, the same as in 2020. EBITDA this year was driven by revenue growth and an increased financial contribution from the company's Seaforth coffee handling and storage subsidiary. These positive impacts were offset by an increase in green coffee costs and softer coffee quality differentials compared to the same period in 2020.

## 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 Inc., 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, **May 7, 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: 873626. A replay will be available through May 21, 2021 at 1-877-481-4010 (toll free) or 1-919-882-2331 (international); passcode: 41221.*

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)).



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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.*