



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

Swiss Water Reports First Quarter 2025 Results

Vancouver, BC, May 7, 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 months ended March 31, 2025. All amounts are expressed in Canadian dollars unless otherwise stated.

First Quarter 2025 Highlights

- Q1’25 processed volumes grew 6% over Q1’24;
- Revenue of \$62.3 million, an increase of 61% over Q1’24;
- Gross Profit of \$7.3 million, an increase of 42% over Q1’24;
- Net Income of \$0.5 million, an increase of \$1.4 million over Q1’24;
- Adjusted EBITDA of \$2.0 million, a decrease of 28% versus Q1’24;
- The NY’C’ coffee futures price for Arabica coffee remained volatile during Q1’25, peaking at US\$4.25/lb in February. During Q1’25, the NY’C’ averaged US\$3.73/lb, compared to an average of US\$1.90/lb in Q1’24, an increase of 97%.

“We entered 2025 with solid momentum, delivering volume growth and steady execution despite continued volatility in the coffee market,” said Frank Dennis, CEO of Swiss Water. *“Customer demand remained healthy, and we added new accounts while maintaining strong operational performance across our platform. As expected in an inverted market, some of our hedge positions resulted in timing-related losses as contracts were rolled forward and negatively impacted Adjusted EBITDA. However, revised pricing initiatives are in place, and we expect to fully recover any incremental hedge losses incurred this year. These changes reflect the mechanics of managing risk in a complex pricing environment. We also made a strategic decision to increase inventory levels to support anticipated volume and ensure product availability for our customers. Looking ahead, while we expect some ongoing variability in ordering patterns due to price sensitivity, tariffs and broader macroeconomic pressures, we remain confident in the strength of our business and our ability to serve customers reliably in a complex market.”*



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Summary of Operational Performance

- Total processing volumes increased by 6% when compared to the first quarter of 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, Swiss Water has 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 Q1, peaking at US\$4.25/lb in February 2025. Spot availability of coffees remains very low and pressure on the futures market intensified during the quarter. Moving forward, the higher prices and backwardated coffee market may result in a softening of consumer demand and volumes shipped to roasters.
- 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.



Summary of Financial Results

In C\$ '000s except for per share amounts	3 months ended March 31			
	2025	2024	% Change	% Change
Revenue	62,272	38,730	23,542	61%
Cost of sales	(54,985)	(33,615)	(21,370)	64%
Gross profit	7,287	5,115	2,172	42%
Operating expenses	(3,389)	(3,751)	362	-10%
Operating income	3,898	1,364	2,534	186%
Non-operating or other	(3,227)	(2,488)	(739)	30%
Income (loss) before tax	(156)	224	(380)	-170%
Net income (loss)	515	(900)	1,415	-157%
Adjusted EBITDA ⁽¹⁾	2,008	2,788	(780)	-28%
Earnings (loss) per share ⁽²⁾				
Basic	0.05	(0.10)		
Diluted	(0.06)	(0.10)		

- Revenue was \$62.3 million, which represents a \$23.5 million or 61% increase when compared to the same period in 2024. The increase was primarily driven by volume growth and a higher NY'C' coffee commodity price.
- Gross profit increased by \$2.2 million or 42% to \$7.3 million when compared to the first quarter of 2024. The increase was primarily driven by revenue growth. Gross margin percentage for the quarter was 12%, down slightly from 13% in Q1 last year. The first quarter decline in gross margin percentage was driven by the reversal of an inventory provision in Q1 of 2024. There was no such reversal in Q1 2025.
- For the three months ended March 31, 2025, Swiss Water recorded net income after taxes of \$0.5 million, compared to a net loss after taxes of \$0.9 million for the same period in 2024. The increase was primarily driven by volume growth, disciplined cost control and production efficiencies, offset by higher expected losses from rolling forward its 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.



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 - 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 ended March 31	
	2025	2024
Net income (loss) for the period	\$ 515	\$ (900)
Income tax (recovery) expense	156	(224)
Income (loss) before tax	\$ 671	\$ (1,124)
Finance income	(378)	(460)
Finance expense	1,718	2,288
Depreciation & amortization	1,778	1,716
Unrealized (gain) loss on foreign exchange forward contracts	17	(38)
Fair value (gain) loss on the embedded option	(1,111)	891
Other gains	-	-
Loss (gain) on foreign exchange	159	(380)
Share-based compensation	(208)	535
Impact of IFRS 16 - Leases	(638)	(640)
Adjusted EBITDA	\$ 2,008	\$ 2,788

Subsequent Event

On April 2, 2025, the US administration announced the implementation of a 10% tariff on most imports from a broad range of countries, effective April 5, 2025.

While imports of coffee beans into Canada remain unaffected, coffee exported from Canada to the United States that retain their original country-of-origin designation are now



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subject to this new tariff structure. These tariff rules and classifications also apply to Swiss Water's competitors based outside Canada.

This development introduces additional cost pressures on Swiss Water's U.S.-bound shipments. From Q2'25 Swiss Water will include any tariff charges it incurs on shipments on the invoice to its US customers. The Company is evaluating the negative impact that higher prices may have on customer purchasing behaviour going forward.

Call Details

A conference call to discuss Swiss Water's recent financial results will be held on **Thursday, May 8, 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: 254033. If a listener does not have this code, they can reference the **Company name** as an alternative passcode.*

A replay will be available through May 22, 2025, at

- **1-877-481-4010** (toll-free) or
- **1-919-882-2331** (international); replay passcode: 52370

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.

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, 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 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.