SWISS WATER DECAFFEINATED COFFEE INC.
CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

Independent Auditor's Report

To the Shareholders of Swiss Water Decaffeinated Coffee Inc.:

Opinion

We have audited the consolidated financial statements of Swiss Water Decaffeinated Coffee Inc. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of (loss) and income, comprehensive (loss) income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

Application of hedge accounting for derivative financial instruments

Key Audit Matter Description

We draw attention to Note 3.11 - Summary of significant accounting policies - Financial instruments, Note 9 - Derivative financial instruments, Note 25.1 - Commodity price risk hedges on purchase commitments and inventory, and Note 25.2 - Foreign exchange currency risk hedges of the consolidated financial statements.

The Company uses derivative financial instruments to hedge the risk exposure of commodity prices and foreign currency. The Company designates derivative financial instruments as hedging instruments; and designates the majority of forecasted sales revenue and the change in fair value of designated coffee inventory and hedged firm commitments as hedged items to help manage the risk of change in commodity prices and foreign exchange. Management calculates changes in fair value of hedging instruments and hedged items.

The principal consideration for our determination that this is a key audit matter is due to its complexity; management judgment to determine the correct treatment and presentation under hedge accounting; pervasive impact to the Company's financial performance; and audit effort in performing audit procedures to assess the appropriateness of the Company's conclusion.
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Audit Response

We responded to this matter by performing procedures in relation to the application of hedge accounting for derivative financial instruments. Our audit work in relation to this included, but was not restricted to, the following:

- Obtained and reviewed most-up-to-date Commodity Risk Management and Foreign Exchange Risk Management Policies provided by the Board of Directors.
- Reviewed consolidated financial statement note disclosures related to commodity price risk hedges on purchase commitments and inventory and foreign exchange currency risk hedges related to sale and purchase in U.S. dollars for completeness, adequacy, and appropriateness.
- On a sample basis, tested operative effectiveness of internal controls relevant to designation of derivatives as hedges and appropriateness of classification as revenue and cost of sale items.
- Engaged internal specialists to obtain an independent market-to-market rate factor used to calculate the unrealized gain or loss as at year-end for foreign exchange hedging and used to assess reasonability of unrealized gain or loss recognized by management as at year-end.
- Obtained third-party confirmations and agreed balances recorded as at year-end in the consolidated financial statements to the amounts confirmed.
- On a sample basis, recalculated realized foreign exchange gain or loss recognized for the matured hedges during the period and assessed amounts recognized by management for reasonability and appropriateness.
- On a sample basis, recalculated realized gain or loss recognized for futures contracts to buy green coffee received by the Company and sold during the period and assessed amounts recognized by management for reasonability and appropriateness.

Other Matter

The consolidated financial statement for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on March 16, 2023.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Brent Wolfe.

Vancouver, British Columbia

MNP LLP

March 13, 2024

Chartered Professional Accountants

SWISS WATER DECAFFEINATED COFFEE INC.

Consolidated Statements of Financial Position as at

(Tabular amounts are in thousands of Canadian dollars)

	Note	December 31, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents	6	$ 11,091	$ 3,761
Accounts receivable	7	19,110	20,732
Inventories	8	30,338	60,248
Prepaid expenses and other receivables		884	1,081
Income tax receivable	14.2	167	-
Derivative assets and hedged firm commitments	9, 25	2,075	4,590
Total current assets		63,665	90,412
Non-current assets			
Deposits and other receivables		157	209
Property, plant and equipment	10	135,736	128,123
Intangible assets	11	-	110
Deferred tax assets	14	135	139
Derivative assets	9, 25	642	46
Total non-current assets		136,670	128,627
Total assets		$ 200,335	$ 219,039
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	12	$ 15,189	$ 35,371
Borrowings	13	17,379	191
Asset retirement obligation	17	-	1,334
Other liabilities	15	1,141	554
Lease liabilities	16	1,681	1,671
Derivative liabilities and hedged firm commitments	9, 25	988	1,607
Total current liabilities		36,378	40,728
Non-current liabilities			
Other liabilities	15	64	208
Borrowings	13	80,804	95,563
Borrowings embedded option	13.2	1,353	1,429
Lease liabilities	16	16,712	18,256
Asset retirement obligation	17	3,839	2,846
Deferred tax liabilities	14	5,275	4,758
Derivative liabilities	9, 25	51	345
Total non-current liabilities		108,098	123,405
Total liabilities		144,476	164,133
Shareholders' equity			
Share capital	18	$ 44,318	$ 44,194
Share-based compensation reserve		586	375
Accumulated other comprehensive (loss) income		449	(697)
Retained earnings		10,506	11,034
Total equity		55,859	54,906
Total liabilities and shareholders' equity		$ 200,335	$ 219,039

Commitments (Note 26)

Approved on behalf of the Board: (signed) "***Alan Wallace*** ", Director (signed) "***Frank Dennis*** ", Director

– The accompanying notes form an integral part of these consolidated financial statements. –

SWISS WATER DECAFFEINATED COFFEE INC.

Consolidated Statements of (Loss) and Income for the Years Ended

(Tabular amounts are in thousands of Canadian dollars, except for per share amounts)

	Note	December 31, 2023	December 31, 2022
Revenue	19, 24	$ 166,277	$ 176,935
Cost of sales		(147,479)	(150,847)
Gross profit		18,798	26,088
Operating expenses			
Administration expenses		(9,059)	(8,900)
Sales and marketing expenses		(4,109)	(3,807)
Total operating expenses		(13,168)	(12,707)
Operating income		5,630	13,381
Non-operating or other			
Gain (loss) on risk management activities		457	(1,560)
Gain on fair value of embedded option	13.2	76	513
Gain on extinguishment of debt	13.2	-	583
Other gains	17	175	-
Finance income		1,629	509
Finance expense		(8,265)	(5,567)
Impairment of plant and equipment	10	-	(2,470)
Loss on foreign exchange		(234)	(2,183)
Total non-operating or other		(6,162)	(10,175)
(Loss) income before tax		(532)	3,206
Income tax recovery (expense)	14	4	(819)
Net (loss) income		$ (528)	$ 2,387
Earnings per share			
Basic and diluted (loss) earnings per share	22	$ (0.06)	$ 0.26

– The accompanying notes form an integral part of these consolidated financial statements. –

SWISS WATER DECAFFEINATED COFFEE INC.

Consolidated Statements of Comprehensive (Loss) Income and Consolidated Statements of Changes in Equity

(Tabular amounts are in thousands of Canadian dollars except for amounts of shares)

Consolidated Statements of Comprehensive (Loss) Income

	December 31, 2023	December 31, 2022
Net (loss) income	$ (528)	$ 2,387
Other comprehensive (loss) income, net of tax		
Items that may be subsequently reclassified to income:		
Unrealized gain (loss)		
Derivatives designated as cash flow hedges - currency risk hedges on US$ future revenue	866	(2,283)
Items reclassified to income:		
Realized gain recognized in income		
Derivatives designated as cash flow hedges		
- currency risk hedges on US$ future revenue, recognized in revenue	738	150
Other comprehensive income (loss) related to hedging activities	1,604	(2,133)
Tax (expense) recovery on other comprehensive income relating to hedging activities	(433)	566
Cumulative translation adjustment	(25)	38
Other comprehensive income (loss), net of tax	1,146	(1,529)
Net income and other comprehensive income	$ 618	$ 858

Consolidated Statements of Changes in Equity

	Note	Share capital: Shares	Share capital: Amount	Warrants	Share-based compensation reserve	Accumulated other comprehensive income	Retained earnings	Total equity
Balance at December 31, 2021		**9,129,673**	**$ 43,992**	**$ 1,773**	**$ 351**	**$ 832**	**$ 8,647**	**$ 55,595**
Shares issued for restricted share units		36,142	202	-	(202)	-	-	-
Settlement of loan with restricted share units		-	-	-	(37)	-	-	(37)
Share-based compensation		-	-	-	263	-	-	263
Warrants issued		-	-	(1,773)	-	-	-	(1,773)
Net income and other comprehensive loss		-	-	-	-	(1,529)	2,387	858
Balance at December 31, 2022		**9,165,815**	**$ 44,194**	**$ -**	**$ 375**	**$ (697)**	**$ 11,034**	**$ 54,906**
Balance at December 31, 2022		**9,165,815**	**$ 44,194**	**$ -**	**$ 375**	**$ (697)**	**$ 11,034**	**$ 54,906**
Shares issued for restricted share units	18.4	47,140	124	-	(124)	-	-	-
Settlement of loan with restricted share units		-	-	-	(27)	-	-	(27)
Share-based compensation		-	-	-	362	-	-	362
Net loss and other comprehensive income		-	-	-	-	1,146	(528)	618
Balance at December 31, 2023		**9,212,955**	**$ 44,318**	**$ -**	**$ 586**	**$ 449**	**$ 10,506**	**$ 55,859**

– The accompanying notes form an integral part of these consolidated financial statements. –

SWISS WATER DECAFFEINATED COFFEE INC.

Consolidated Statements of Cash Flows For the Years Ended

(Tabular amounts are in thousands of Canadian dollars)

	Note	December 31, 2023	December 31, 2022
Operating activities			
Net (loss) income		$ (528)	$ 2,387
Items not affecting cash:			
Depreciation and amortization	10, 11	9,188	7,018
Share-based compensation expense		597	415
Unrealized loss on risk management activities		127	44
Unrealized gain on fair value of embedded option	13.2	(76)	(513)
Gain on extinguishment of debt	13.2	-	(583)
Finance income		(1,629)	(509)
Finance expense		8,265	5,567
Impairment to plant and equipment	10	-	2,470
Income tax (recovery) expense	14	(4)	819
Other		325	(153)
		16,265	16,962
Change in non-cash working capital relating to operating activities	23	18,473	(14,606)
Net cash generated from operations		**34,738**	**2,356**
Interest received		1,526	449
Interest paid	23	(5,501)	(3,796)
Income taxes paid		(218)	(51)
Net cash generated from (used in) operating activities		**30,545**	**(1,042)**
Investing activities			
Additions to plant and equipment	23	(19,920)	(25,966)
Recovery of costs related to equipment	23	370	1,361
Net cash used in investing activities		**(19,550)**	**(24,605)**
Financing activities			
Payment of lease liabilities		(1,688)	(1,742)
Proceeds from credit facility	13.3	3,400	15,100
Repayments of credit facility	13.3	(17,500)	(1,500)
Proceeds from construction loans	13.1	12,542	13,690
Transaction costs related to debt financing activities	23	(419)	(390)
Net cash (used in) generated from financing activities		**(3,665)**	**25,158**
Increase (decrease) in cash and cash equivalents		7,330	(489)
Cash and cash equivalents, beginning of the year		3,761	4,250
Cash and cash equivalents, end of the year		$ 11,091	$ 3,761

Supplemental cash flow information (Note 23)

– The accompanying notes form an integral part of these consolidated financial statements. –

1. NATURE OF BUSINESS

Swiss Water Decaffeinated Coffee Inc., ("Swiss Water" or the "Company"), is an entity incorporated under the Canada Business Corporations Act ("CBCA"). The common shares of the Company are listed on the Toronto Stock Exchange under the symbol 'SWP'. The Company's head office is located at 7750 Beedie Way, Delta, British Columbia, V4G 0A5, Canada.

Swiss Water is primarily involved in the decaffeination of green coffee without the use of chemicals by employing the proprietary SWISS WATER® Process. The Company leverages science-based systems and quality controls to produce coffee that is 99.9% caffeine free.

Swiss Water owns all of the interests of Seaforth Supply Chain Solutions Inc. ("Seaforth"), which is incorporated under CBCA and operates in Delta, British Columbia, Canada; Swiss Water Decaffeinated Coffee Company USA, Inc. ("SWUS"), an entity registered in Washington State, USA, and; Swiss Water Decaffeinated Coffee Europe SARL ("SWEU"), an entity registered in Bordeaux, France.

Seaforth provides a complete range of green coffee handling and storage services, while SWUS and SWEU act as marketing and sales companies and do not have significant assets.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). IFRS comprises IFRS's, International Accounting Standards ("IAS"), and interpretations issued by the IFRS Interpretations Committee ("IFRIC") and the former Standing Interpretations Committee ("SIC").

These consolidated financial statements for the year ended December 31, 2023, were approved for issuance by the Company's Directors on March 12, 2024. There were no significant non-adjusting events that occurred between the reporting date and the date of authorization.

2.1 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is based on the fair value of the consideration given in exchange for assets.

2.2 Currency of presentation

These consolidated financial statements are presented in Canadian dollars. Except for per share amounts, all amounts are expressed in thousands of Canadian dollars, unless otherwise stated. References to US$ are to United States dollars.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies used in the preparation of these consolidated financial statements are as follows:

3.1 Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. Subsidiaries are all entities over which the Company has the power to control the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable, or convertible, are considered when assessing whether the Company controls another entity. All intercompany transactions, balances, income and expenses are eliminated on consolidation.

3.2 New and amended standards

The following amendments to accounting standards became effective for annual periods beginning on or after January 1, 2023. The adoption of these revised standards by the Company did not have a material impact on its consolidated financial statements.

- IFRS 1 *First – time adoption of IFRS* was amended to require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The consequential amendment to IFRS 1 is to add an exception to retrospective application.
- IAS 1 *Presentation of Financial Statements* contains changes to accounting policy disclosures in changes in estimates vs accounting policies also IAS 1 replaced the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies.
- IAS 8 *Accounting policies, changes in accounting estimates and errors* contains a narrow scope of amendments to improve accounting policy disclosures and to distinguish changes in accounting estimates from changes in accounting policies.
- IAS 12 *Income taxes* was amended by IASB to require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

3.3 New and amended standards not yet effective

These standards are effective for periods beginning after January 1, 2024, and the Company does not anticipate a material impact on its financial statements:

- IAS 7 *Statement of Cash flows and* IFRS 7 *Financial instruments disclosures* contain amendments that require disclosures of the effects of supplier finance arrangements on an entity's liabilities and cash flows, as well as liquidity risk and risk management, effective after January 1, 2024.
- IFRS 10 *Consolidated financial statements* and IAS 28 *Investments in associates and joint ventures* relate to the sale or contribution of assets between an investor and its associate or joint venture, and the amendments clarify accounting for a subsidiary when a parent company loses control of the subsidiary. IAS 28 amended equity method procedures. The amendments' effective date is not yet determined, early adoption is permitted.
- IFRS 16 *Leases* has amended guidance over accounting for lease liability in a sale and leaseback transaction, effective after January 1, 2024.
- IAS 1 *Presentation of financial statements* was amended to clarify the classification of non-current liabilities with covenants, depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. This standard defers the effective date of previous amendments to IAS 1 to years beginning after January 1, 2024, with early adoption permitted. Retrospective application is required on adoption.
- IAS 21 *The effects of changes in foreign exchange rates* was amended to specify how to determine whether a currency is exchangeable into another currency and how to determine the spot exchange rate when a currency lacks exchangeability, effective after January 1, 2025.

3.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers, the Chief Executive Officer and the Chief Financial Officer. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment reflects the provision of products or services within a particular economic environment that is subject to risks and returns that are different from those of other economic environments. The Company's sales are primarily generated in a single business segment of decaffeination of green coffee beans. The chief operating decision makers examine the Company's performance and operating activities of the single business segment from a reported geographic perspective.

3.5 Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which each entity operates ("the functional currency"). The functional and presentation currency of Swiss Water is the Canadian dollar. The functional currencies of the USA and the European subsidiaries are the United States dollar and the Euro, respectively.

Foreign currency transactions

Foreign currency transactions and balances are translated into the respective functional currency as follows: (i) monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date; (ii) non-monetary items which are measured using historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; (iii) non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined; and (iv) foreign currency transactions are translated into the functional currency of the entity at the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses are recognized in net income and presented in the consolidated statement of (loss) and income in accordance with the nature of the transactions to which the foreign currency gains and losses relate, in the period in which they occur.

Foreign operations

Foreign operations are translated from their functional currencies into Canadian dollars on consolidation as follows: (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the consolidated statement of financial position; (ii) income and expenses for each statement of (loss) and income are translated at a quarterly average exchange rate (unless this rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); (iii) share capital for each statement of financial position presented are translated at historical rate; and (iv) all resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments. Exchange differences that arise relating to long-term intercompany balances that form part of the net investment in a foreign operation are also recognized in this separate component of equity through other comprehensive income.

3.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

3.7 Inventories

Raw materials are stated at the lower of cost, determined on a specific identification basis, and net realizable value, being the estimated selling price of finished goods less the estimated cost of completion of the finished goods.

Finished goods are stated at the lower of cost and net realizable value. The cost of finished goods includes all expenses directly attributable to the manufacturing process like direct labour and direct materials, as well as suitable portions of related fixed and variable production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned on a first-in first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.8 Property, plant and equipment

The Company leases facilities that house its buildings, equipment, production facilities, offices and warehouse facilities. Property, plant and equipment are carried at acquisition cost or manufacturing cost less depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of property plant and equipment. Acquisition costs and manufacturing costs may also include share-based compensation from restricted stock units and a portion of salaries and benefits directly related to the construction of new qualifying assets, costs related to interest on the lease liability, and depreciation of right-of-use assets relating to leased properties during the construction phase, interest on capitalized borrowing costs incurred during the period of time that is required to complete and prepare the asset for its intended use, asset retirement obligations and transfers from the equity of any gains or losses on qualifying cash flow hedges of foreign currency related to purchases of property, plant and equipment.

Additions to property plant and equipment are recognized in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenditures are recognized in the consolidated statement of (loss) and income during the financial period in which they are incurred.

Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

The costs related to the property, plant and equipment in the course of construction are classified as construction-in-progress. Such items are transferred to the appropriate category of property, plant and equipment when they are completed and ready for use as intended. Depreciation of these assets commences when the asset is available for use.

Depreciation is recognized on a straight-line basis to allocate the cost or valuation of each asset to its residual value over its estimated useful life commencing when the asset is ready for its intended use. The estimated useful lives of property, plant and equipment are as follows:

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

Right-of-use assets	to the expiry of the lease renewal option or lease term
Leasehold improvements	to the expiry of the lease renewal option or lease term
Building	to the expiry of the lease renewal option or lease term
Machinery and equipment	5 to 35 years
Computer equipment	5 years
Furniture and fixtures	5 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the consolidated statement of (loss) and income.

For additional policies related to right-of-use assets, refer to 'lease liabilities and right-of-use assets'.

3.9 Intangible assets

Proprietary process technology ("PPT")

PPT represents intangible assets of Swiss Water with a finite life and is carried at cost less accumulated amortization. Amortization is recognized on a straight-line basis to allocate the cost of PPT to its residual value over its estimated useful life of 14 years. As of December 31, 2023, PPT was fully amortized.

Brand

Swiss Water's brand has a finite useful life and is carried at cost less accumulated amortization. Amortization is recognized on a straight-line basis over its estimated useful life of 14 years. As of December 31, 2023, the Company's brand assets were fully amortized.

3.10 Impairment of assets

Property, plant and equipment, and intangible assets with finite lives, that are subject to depreciation or amortization, are assessed for impairment indicators at the end of each reporting period. If any such indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

An impairment loss is recognized for the amount by which the carrying amount of an asset or cash-generating unit ("CGU") exceeds its recoverable amount. The Company has determined that it has one CGU. To determine the recoverable amount, management estimates either the fair value less costs to sell, or the value-in-use based on the present value of expected future cash flows from the CGU. In estimating the value-in-use, management must determine the appropriate discount rate in order to calculate the present value of those cash flows, as well as make certain assumptions about future profits that relate to future events and circumstances. Discount factors are determined individually for each asset, or CGU, and reflect their respective risk profiles as assessed by management.

3.11 Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities, including derivatives, are recognized on the consolidated statement of financial position when the Company becomes a party to the financial instrument or derivative contract. Financial assets and financial liabilities are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and subsequent measurement

<u>Non-derivative financial assets</u>

On initial recognition, the Company classifies non-derivative financial assets into one of the following categories:

a) Amortized cost: Assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated statement of (loss) and income. The Company has classified accounts receivable as at amortized cost.
b) Fair value through other comprehensive income (“FVOCI”): Assets that are held for a collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (“OCI”), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains and impairment expenses are presented as a separate line item in the consolidated statement of (loss) and income. The Company does not have any non-derivative financial assets classified as at FVOCI.
c) Fair value through profit or loss (“FVPL”): Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. Gains or losses, including any interest income, are recognized in profit or loss and are presented net within other gains in the period in which they arise. The Company has classified cash and cash equivalents and short-term investments as at FVPL.

The Company reclassifies financial assets when and only when its business model for managing those assets changes.

<u>Non-derivative financial liabilities</u>

Non-derivative financial liabilities are classified as measured at amortized cost or FVPL. A financial liability is classified as FVPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value with net gains or losses, including any interest income, recognized in profit or loss and presented within other gains in the period in which it arises. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Financial liabilities are not reclassified.

The Company has classified accounts payable and accrued liabilities, borrowings (including credit facilities, the debt portion of the debenture with warrants, and construction loans) as at amortized cost.

Other liabilities related to the cash portion of DSUs and RSUs are recognized initially at fair value and are classified as other financial liabilities and are measured at fair value. Stock based compensation expense is recorded in the consolidated statement of (loss) and income, as applicable.

<u>Derivative financial assets and liabilities</u>

Derivative financial assets and liabilities pertaining to Commodity price risk hedges and Currency risk hedges related to US$ denominated purchases are classified as FVPL, while the derivative financial assets and liabilities pertaining to Currency risk hedges related to US$ denominated future process revenue are classified as FVOCI. FVPL and FVOCI accounting treatments are described above. A further discussion on designation, recognition, measurement, and re-measurement of derivative financial assets and liabilities is below.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Impairment

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk for the relevant financial asset. The Company's only financial assets at amortized cost are accounts receivable and other receivables, for these the Company applies the simplified approach as permitted by IFRS 9 which requires expected lifetime credit losses to be recognized from the initial recognition of the receivables.

Derivatives and hedging activities

<u>Recognition and measurement</u>

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged, and the type of hedge relationship designated. The Company designates certain derivatives as either:

a) hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges),
b) hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges), or
c) hedges of a net investment in a foreign operation (net investment hedges).

The Company documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedging relationship.

<u>Cash flow hedges that qualify for hedge accounting</u>

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity until the hedged expected future cash flows affect profit or loss; at which time, the gains or losses are reclassified to the consolidated statement of (loss) and income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss. When option contracts are used to hedge forecast transactions, the Company designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in the intrinsic value of the options are recognized in the cash flow hedge reserve within equity. The changes in the time value of the options, that relate to the hedged item ('aligned time value'), are recognized within other comprehensive income in the 'derivatives designated as cash flows hedges' within equity.

Commodity and Currency risk hedges

The Company applied hedge accounting to economic hedges entered into in accordance with its Foreign Exchange Risk Management Policy ("FX Policy") and the Commodity Price Risk Management Policy ("Commodity Policy"). Economically, the specific hedging activities carried out under these policies by the Company are as follows.

The Company designates derivative financial instruments as hedging instruments, and the change in fair value of designated coffee inventory and hedged firm commitments as hedged items in a fair value relationship to manage the risk of changes in benchmark commodity prices, as described under '*Commodity price risk hedges*'.

The Company designates derivative financial instruments as hedging instruments and designates highly probable forecasted sales revenue as hedged items in a cash flow hedge relationship to manage the foreign exchange risk associated with the cash flows of highly probable forecast transactions, as described under '*Currency risk hedges related to US$ denominated future process revenue*'.

As well, the Company also designates derivative financial instruments as hedging instruments and the change in fair value of designated purchase commitments as hedged items in a fair value hedge relationship to manage the risk of changes in foreign exchange, as described under '*Currency risk hedges related to US$ denominated purchases',* below.

Commodity price risk hedges

Commodity price risk hedges relate to purchase commitments and inventory ("commodity hedges"). When the Company enters into a purchase commitment to purchase green coffee and fixes the New York 'C' ("NY'C'") price component (which it will later sell at a to-be-determined price based on the NY'C'), the Company enters into an offsetting short position on the Intercontinental Exchange. The Company monitors, on a macro basis, the amount of purchase commitments and amount of inventory on hand for which the ultimate sale price is variable and has not yet been fixed based on the NY'C' and compares this to the amount of coffee covered by future net short positions to determine whether the net short position requires adjustment.

At each period end, commodity hedges are remeasured to their fair value. Under hedge accounting, the effective portion of the gains (losses) for price fixed hedged coffee contracts and coffee inventory will be held on the consolidated statement of financial position until inventory for such contracts is received and subsequently sold, at which time the gains (losses) will flow to cost of sales on the consolidated statement of (loss) and income.

Currency risk hedges related to US$ denominated future process revenue:

The Company enters into forward contracts to sell US$ at future dates to hedge the foreign exchange cash flow variability of expected US$ from processing fee revenue. The hedged processing revenue includes both processing fee revenue from tolling arrangements (processing of customer owned coffee) as well as the US$ processing fee layer of inventory sales agreements.

At each period end, currency risk hedges on US$ future revenues are remeasured to their fair value. Under hedge accounting, unrealized gains (losses) for US$ forward contracts are reclassified so that the impact on the consolidated statement of (loss) and income is deferred through other comprehensive income, until the hedge instrument matures, at which time the realized gain (loss) is reflected in revenue on the consolidated statement of (loss) and income.

Currency risk hedges related to US$ denominated purchases:

The Company enters into forward contracts to buy US$ for significant purchase commitments denominated in US$. Purchase commitments denominated in US$ include purchases of green coffee inventory which, once decaffeinated, is sold at a fixed Canadian dollar ("C$") price. To mitigate the exposure to changing margins on these transactions arising from fluctuations in the US$/C$ exchange rate, the Company enters into US$ forward purchase contracts which economically lock in the US$/C$ exchange rate and effectively the Company locks in the C$ cost of equipment or inventory (inventory which is to be sold at the fixed C$ amount).

At each period end, currency risk hedges on US$ denominated purchases are remeasured to their fair value and:

a) under hedge accounting, the effective portion of the gains (losses) will be held on the consolidated statement of financial position (in inventory or as a part of derivative assets or derivative liabilities) until the inventory is received and subsequently sold, at which time the gains (losses) will flow to the cost of sales on the consolidated statement of (loss) and income, as well as
b) under hedge accounting, the effective portion of the gains (losses) will be held on the consolidated statement of financial position (in derivative assets or derivative liabilities) until the equipment is received at which time the gains (losses) will flow to the property plant and equipment on the consolidated statement of financial position.

On all hedges entered into, if the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedged instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

Fair value hierarchy

The Company classifies and discloses the fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

c) Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
d) Level 2 – valuation techniques based on inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
e) Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. The Company classifies a financial instrument to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

3.12 Lease liabilities and right-of-use assets

IFRS 16 - Leases

IFRS 16 introduces a single, on-balance sheet accounting model for lessees, with limited exceptions for short-term leases or leases of low-value assets. Lessees recognize a right-of-use asset representing its rights to use the underlying asset and a lease liability representing its obligation to make lease payments.

Management judgement and estimates over leases

The preparation of consolidated financial statements requires that the Company's management makes assumptions and estimates on the classification of leases. When assessing the classification of a lease agreement, certain estimates and assumptions need to be made and applied, which include, but are not limited to, the determination of the expected lease term and minimum lease payments, implicit borrowing rate, the assessment of the likelihood of exercising options, and estimation of the fair value of the leased property at lease inception.

Lease policy

At the inception of a lease contract, the Company assesses whether the contract is or contains a lease. A contract is, or contains, a lease if the contract conveys that right of control of the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset; (ii) the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period, and; (iii) the Company has the right to direct the use of the asset. The Company has determined that contracts for its offices, production facility, warehouse facility, and select equipment contain a lease.

At inception or on a reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company presents right-of-use assets in 'property, plant and equipment' and related liabilities in 'lease liabilities'.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term plus expected renewal options that are available to the Company. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is reduced by impairment losses, if any are identified, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise of (i) fixed payments; (ii) variable lease payments that depend on an index rate, initially measured using the index as at the commencement date; (iii) amounts expected to be payable under a residual value guarantee, and : (iv) the exercise price under purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate depends on the term, currency, and start date of the lease and is determined based on a series of inputs including the risk-free rate based on government bond rates; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Company.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes these lease payments as an expense on a straight-line basis over the lease term.

The Company recognizes a depreciation charge for right-of-use assets and interest expense on lease liabilities in the consolidated statement of (loss) and income.

On the consolidated statement of cash flows, the Company includes repayments of the principal portion of the lease liabilities under financing activities. The interest portion of the lease continues to be classified within cash flows from operating activities. Lease payments for short-term leases and lease payments for leases of low-value assets that are not included in the measurement of the lease liability are classified as cash flows from operating activities.

3.13 Current and deferred income taxes

Income tax expense or credit comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of (loss) and income except to the extent that it relates to items recognized either in other comprehensive income or directly in equity. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date, and any adjustments to taxes payable in respect of previous years. The Company periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related asset is realized, or the liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable income will be available against which temporary differences and non-capital loss carry forwards can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

3.14 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that it will lead to an outflow of economic resources from the Company and amounts can be estimated reliably, although timing or amount of the outflow may still be uncertain.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the reporting date, including the risks and uncertainties associated with the present obligation. The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at the end of each reporting period and adjusted or reversed to reflect management’s current best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Provisions are reduced by actual expenditures for which the provision was originally recognized.

Where discounting has been used, the carrying amount of a provision is accreted during the period to reflect the passage of time.

3.15 Share capital

Common shares

Common shares are classified as equity and are recorded at the value of proceeds received. Issuance costs directly attributable to the issuances of new common shares are deducted against the share capital account. Repurchases are removed from equity and no gain or loss is recognized in the consolidated statement of (loss) and income on the issue, sale, purchase, or cancellation of the Company's shares. On share repurchases, any excess between the purchase price and the cost per share is allocated to retained earnings.

Warrants

The Company issues warrants subject to shareholders, regulatory body, and creditor approvals. Each warrant allows the holder to obtain one share of Swiss Water in exchange for cash at a price per share determined at the time the warrants are issued. Each warrant can be exercised at any time and not later than the exercise date of the warrant. The initial fair value of the warrants is measured at the grant date using the Black-Scholes option-pricing model.

When the warrant holder holds a warrant where a fixed amount of shares are issued for a fixed amount of cash, the fair value of the warrants is initially recognized as a component of equity in the consolidated statement of changes in equity and is not remeasured at each period end. If the holder of warrants decides to exercise the warrants, the fair value of the warrants will be de-recognized from the warrants reserve component of the equity and recognized as a part of share capital. No adjustment is made for warrants that expire. Financing transactions directly attributed to the issuances of warrants are deducted against the warrant's value.

When a warrant holder holds a warrant where a variable amount of shares are issued for a non-fixed amount of cash such as a cashless option, the fair value of the warrants is initially recognized as a financial liability in the consolidated statement of financial position and is remeasured at each period end. If the holder of warrants decides to exercise the warrants, the fair value of the warrants will be de-recognized from the warrant's financial liability component of the consolidated statement of financial position and recognized as a part of share capital on the consolidated statement of changes in equity. Expired warrants and financing transactions related to financial liabilities are accounted for in accordance with IFRS 9. Refer to accounting policies related to financial liabilities under the section 'Summary of material accounting policies', sub-heading 'Financial instruments'.

As at each period end warrants are tested for potential dilution effect when calculating basic and diluted earnings per share.

Dividends

Dividends to the Company's shareholders are recognized when dividends are approved for payment.

3.16 Share-based compensation

The Company has a restricted share unit ("RSU") plan for certain officers and employees and a deferred share unit ("DSU") plan for non-employee directors (collectively, "participants").

The RSUs granted are expected to be settled using a combination of cash and equity.

The equity-settled share-based compensation is measured at the fair value of the Company's common shares as at the grant date using a volume weighted average share price in accordance with the terms of the RSU plan. The fair value determined at the grant date is charged to profit or loss on a straight-line basis over the vesting period, based on the estimate of the number of RSUs that will eventually vest and be converted to common shares, with a corresponding increase in equity (share-based compensation reserve). As necessary, the Company revises its estimate if subsequent information indicates that the number of RSUs expected to vest differs from previous estimates. On the vesting date, the Company revises the estimate to equal the number of equity instruments that are ultimately vested. The impact of the revision of estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based compensation reserve.

For cash-settled share-based compensation, a liability is recognized, measured initially at the fair value of the liability using a volume weighted average share price. The amount of the liability is charged to income on a straight-line basis over the vesting period, based on the estimate of the number of RSUs that will eventually vest and be settled in cash. As necessary, the Company revises its estimate if subsequent information indicates that the number of RSUs expected to vest differs from previous estimates. On the vesting date, the Company revises the estimate to equal the number of RSUs that ultimately vested and are settled in cash. The impact of the revision of estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the long-term liability or current liability depends on the timing when the liability becomes due. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured using a volume weighted average share price, with any change in fair value recognized in profit or loss for the year.

DSUs are issued to participants who elect to defer a portion of their current compensation in exchange for DSUs. DSUs are classified as cash-settled share-based payment transactions as participants receive cash following a redemption. The DSUs do not contain any vesting conditions or forfeiture provisions, as they are issued in exchange for deferred compensation. The Company recognizes the expense and the liability to pay for the eventual redemption when the DSUs are issued. Thereafter, the Company remeasures the liability at the end of each reporting date and the date of settlement, with the difference recognized in profit or loss for the period. The fair value of DSUs is determined in accordance with the DSU Plan, which uses the average closing price for Swiss Water shares for the five trading days immediately preceding the relevant date.

3.17 Revenue recognition

IFRS 15 requires revenue recognition to follow a five-step model of identifying contracts, separating performance obligations, determining and allocating the transaction price, and recognizing the revenue as each performance obligation is satisfied.

The Company's primary sources of revenue are proceeds from sales of Swiss Water's decaffeinated coffee and from services provided to decaffeinate customers' owned coffee.

Swiss Water's revenue is measured based on the consideration agreed upon in contracts with customers and is recognized when the Company transfers control over products and services to the customer either at a point in time or over time.

For all revenue contracts, no significant judgements are made with respect to evaluating the timing of satisfaction of performance obligations, transaction prices, and amounts allocated to performance obligations. Consideration amounts are not variable. Warranty, returns, or refunds do not apply to the Company.

Payment terms are typically between 30 and 60 days, apart from select customers where payment terms are extended. For contracts with extended payment terms, the Company charges customers a financing component, recognized separately in 'finance income' on the consolidated statement of (loss) and income. As a practical expedient, the Company does not adjust the promised amount of consideration for the effects of a significant financing component when the Company expects, at contract inception, that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Revenue is disaggregated based on the customer's geographic region as described in the segmented reporting accounting policy. Also, the revenue, from contracts with customers, is disaggregated by major products and services: decaffeinated coffee sales, decaffeination services, and distribution.

Decaffeinated coffee sales

Decaffeinated coffee sales are the amounts that are charged to customers for the sale of decaffeinated coffee. The performance obligation is satisfied at a point in time when a customer obtains control of the product, which is when decaffeinated coffee is picked up by or delivered to the customer.

Decaffeination services

Decaffeination services represent the amount charged to customers for the service of decaffeinating customer-owned coffee. The performance obligation is to provide the service, which is satisfied over time.

Distribution

Distribution revenue consists of shipping, handling, and warehousing charges billed to customers. The performance obligation is satisfied over time as services are provided, which is at the same time as these services are consumed.

3.18 Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and accumulating sick leave, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations on the consolidated statement of financial position.

The Company provides benefits to employees through a registered retirement savings plan ("RRSP"). The Company contributes a percentage of earnings into an RRSP administered by an independent entity. Ultimately, each employee manages his or her own RRSP within the scope of the plan provided by the third-party administrator. The RRSP has no assurance of defined benefits to employees, and as such the Company has no legal or constructive obligations to make further contributions.

The Company also pays contributions to government pension insurance plans. The contributions are recognized as employee benefit expenses when they are due.

3.19 Earning per share ("EPS")

The Company presents basic and diluted EPS for its common shares. Basic EPS is calculated by dividing income or loss attributable to shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted EPS is calculated by dividing income or loss attributable to shareholders of the Company by the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares.

3.20 Related party transactions

Balances and transactions between the parent company and its subsidiaries, which are related parties, have been eliminated on consolidation. For related party transactions incurred during the periods covered in these financial statements, the disclosure includes the nature of a related party relationship, information about transactions as well as outstanding balances, including commitments.

4. MANAGEMENT JUDGEMENTS AND ESTIMATION UNCERTAINTY

Judgement is used by management in selecting accounting policies, the determination of functional currency, the identification of cash generating units ("CGUs"), and the identification of revenue streams. In addition, judgement is often required in applying accounting policies, and with respect to items where the choice of a specific policy, accounting estimate, or assumption to be followed could materially affect the reported results or net asset position of the Company should it later be determined that a different choice would be more appropriate.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and accordingly, provides an explanation of each below. Actual results could differ from those estimates and assumptions.

4.1 Useful lives of depreciable assets

Change in accounting estimates.

At the end of 2022, the Company reduced the estimated useful life of its production line machinery and equipment at the Burnaby location from 10 years to the expiry of the lease term, in June 2023. This change in accounting estimate was accounted for prospectively, in 2023, and resulted from the decision to cease the two production lines in Burnaby, BC, when the Company exited the lease in June 2023. The impact of this change in 2022 was de minimis.

In 2023, the depreciation of the abovementioned assets in Burnaby was adjusted to allocate the assets' revised carrying amount on a systematic basis over their remaining useful lives. Approximately $3.0 million of those assets were fully amortized by June 2023 while $1.3 million of the salvaged assets were repurposed and put into use in 2024 and continue to be amortized prospectively.

4.2 Provision for asset retirement obligations

Analysis and estimates are performed by the Company in order to determine the amount of restoration costs to be recognized as a provision in the Company's consolidated financial statements. The estimates consider the contract language in the lease, the expected useful lives of the Company's equipment, inflation rates, discount rates, and the expected costs that would be paid to a third party to remove property and equipment.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When the final determination of such obligation amounts differs from the recognized provisions, the Company's financial statements will be impacted.

4.3 Income taxes

The Company computes income taxes using the liability method, under which deferred income taxes are provided for the temporary differences between the financial reporting bases and the tax bases of the Company's assets and liabilities. Deferred tax assets and liabilities are measured using the enacted and substantively enacted income tax rates that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Deferred tax assets also reflect estimates of the recoverability of non-capital loss carry forwards. The Company has recognized the benefit of loss carry forwards to the extent that it is probable that taxable income will be available in the future against which the non-capital loss carry forwards can be utilized.

The financial reporting bases of the Company's assets reflect the useful lives of depreciable assets, as well as the carrying amounts of assets with indefinite useful lives. Accordingly, management estimates that impact the carrying amounts of depreciable and non-depreciable assets also have an impact on deferred income tax assets and liabilities.

4.4 Leases and right-of-use assets

The preparation of consolidated financial statements requires that the Company's management makes assumptions and estimates related to leases and right-of-use assets. When assessing the recognition of a lease and right-of-use assets, certain estimates and assumptions need to be made and applied, which include, but are not limited to, the determination of the expected lease term and minimum lease payments, the discount rate/implicit borrowing rate, the assessment of the likelihood of exercising options, and estimation of the fair value of the leased property at lease inception.

4.5 Debenture with warrants

At initial recognition, in the calculation of the fair value of the liability portion of the debenture with warrants, management estimated the interest rate on a similar instrument of comparable credit status providing for substantially the same cash flows, on the same terms, but without the warrants exercise option. Management estimates the fair values of the borrowings embedded option liability related to the debenture with warrants at initial recognition and at the end of each reporting period using the Black-Scholes option pricing model which requires management estimates. Pricing models require the input of highly subjective assumptions including the expected share price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's warrants.

5. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company considers its capital structure to include shareholders' equity and indebtedness. In order to maintain or adjust the capital structure, the Company may from time-to-time issue common shares, preferred shares, issue additional debt, adjust its capital spending, modify its dividend policy, and/or dispose of certain assets to manage current and projected debt levels.

The Company manages its capital in order to meet its growth objectives and payments of quarterly dividends to its shareholders. The dividend policy of Swiss Water is subject to the discretion of the Board of Directors, which reviews the level of dividends periodically on the basis of a number of factors including Swiss Water's financial performance, future prospects, and the capital requirements of the business.

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

6. CASH AND CASH EQUIVALENTS

Cash includes cash held with banks and financial institutions. The Company has invested $6.0 million into thirty (30) day cashable Guaranteed Investment Certificates ("GICs") with a financial services firm, at rates between 4.95% and 5.05%.

7. ACCOUNTS RECEIVABLE

Accounts receivable are amounts due from customers for goods sold or services performed in the ordinary course of business. Information about the Company's exposure to foreign currency risk, interest rate risk, and credit risk can be found in the Note 'Financial risk management'. The Company monitors lifetime expected credit losses using the simplified approach which is determined based on historic and adjusted relevant forward-looking information. The Company's customers have a negligible default rate and the Company's experience both in frequency and amount of losses are not significant. As a result, the expected credit losses provision as at December 31, 2023, is $0.1 million (2022: $0.1 million).

8. INVENTORIES

During the year ended December 31, 2023, the cost of inventories recognized in cost of sales was $137.0 million (2022: $143.1 million). The hedge accounting component represents the derivative adjustment related to designated hedges for inventory on hand as at each period. As at December 31, 2023, the inventory provision was $0.8 million (2022: $0.2 million). During the years ended December 31, 2023, and 2022 cost of sales includes a $0.6 million and $0.1 million expense related to the inventory provision.

		December 31, 2023		**December 31, 2022**
Raw materials	$	18,500	$	38,177
Finished goods		10,347		28,517
Carbon		472		496
Packaging		243		490
Hedge accounting component		776		(7,432)
	$	30,338	$	60,248

9. DERIVATIVE FINANCIAL INSTRUMENTS

The Company's derivative financial instruments are carried at fair value through profit or loss as follows:

			December 31, 2023		**December 31, 2022**
Net coffee futures contracts		$	1,273	$	3,288
Net US dollar forward contracts, current			(200)		455
Net US dollar forward contracts, long-term			-		(285)
Borrowings embedded option	Note 13.2		(1,353)		(1,429)
		$	(280)	$	2,029

The Company's derivative financial instruments are carried at fair value through other comprehensive income as follows:

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

		December 31, 2023		December 31, 2022
Net US dollar forward contracts, current	$	8	$	(991)
Net US dollar forward contracts, long-term		591		(14)
	$	599	$	(1,005)

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise owned and leased right-of-use assets.

		December 31, 2023		December 31, 2022
Property, plant and equipment	$	120,116	$	110,694
Right-of-use assets		15,620		17,429
	$	135,736	$	128,123

10.1 Property, plant and equipment

The carrying value of property, plant and equipment is as follows:

		Machinery and equipment		Building		Leasehold improvements		Computer equipment		Furniture and fixtures		Construction in progress		Total
Cost														
January 1, 2023	$	83,069	$	13,880	$	11,915	$	1,224	$	280	$	41,779	$	152,147
Additions		5		-		916		-		10		15,268		16,199
Disposals		(27,065)		-		(5,846)		(683)		(119)		-		(33,713)
Transfers		52,302		4,279		250		136		-		(56,967)		-
December 31, 2023	$	108,311	$	18,159	$	7,235	$	677	$	171	$	80	$	134,633
Accumulated depreciation														
January 1, 2023	$	(32,787)	$	(1,889)	$	(5,583)	$	(983)	$	(211)	$	-	$	(41,453)
Depreciation		(5,013)		(810)		(838)		(92)		(24)		-		(6,777)
Disposals		27,065		-		5,846		683		119		-		33,713
December 31, 2023	$	(10,735)	$	(2,699)	$	(575)	$	(392)	$	(116)	$	-	$	(14,517)
December 31, 2023	$	97,576	$	15,460	$	6,660	$	285	$	55	$	80	$	120,116

		Machinery and equipment		Building		Leasehold improvement		Computer equipment		Furniture and fixtures		Construction in progress		Total
Cost														
January 1, 2022	$	83,555	$	13,880	$	9,729	$	1,180	$	282	$	15,294	$	123,920
Additions		-		-		2,388		-		10		29,792		32,190
Disposals		-		-		(55)		(1)		(14)		-		(70)
Impairment		(2,161)		-		(309)		-		-		-		(2,470)
Vendor reimbursement		(1,423)		-		-		-		-		-		(1,423)
Transfers		3,098		-		162		45		2		(3,307)		-
December 31, 2022	$	83,069	$	13,880	$	11,915	$	1,224	$	280	$	41,779	$	152,147
Accumulated depreciation														
January 1, 2022	$	(29,652)	$	(1,120)	$	(5,044)	$	(873)	$	(195)	$	-	$	(36,884)
Depreciation		(3,135)		(769)		(591)		(111)		(24)		-		(4,630)
Disposals		-		-		52		1		8		-		61
December 31, 2022	$	(32,787)	$	(1,889)	$	(5,583)	$	(983)	$	(211)	$	-	$	(41,453)
December 31, 2022	$	50,282	$	11,991	$	6,332	$	241	$	69	$	41,779	$	110,694

During the year ended December 31, 2023, depreciation expense of $6.6 million (2022: $4.4 million) was charged to cost of sales and $0.2 million (2022: $0.2 million) was included in administrative expenses. In addition, $0.3 million of allocated depreciation was transferred from inventory to cost of sales (2022: $0.03 million).

In 2023, the Company recognized additions in leasehold improvements in the amount of $0.9 million for asset retirement obligations related to the production facility in Delta (2022: $2.4 million, of which $1.8 million related to the Delta location and $0.6 million related to the Burnaby location). Refer to Note 17 for more details on asset retirement obligations.

Plant and equipment in Delta BC

During the year ended December 31, 2023, the Company added $15.3 million of additions to construction in progress during the construction of its second production line in Delta. Additions to construction in progress include $1.3 million of capitalized interest on construction loans (with an interest rate ranging between 4.38% and 7.69%), $0.3 million of salaries and benefits directly related to the construction, and $0.4 million of share-based compensation also directly related to the completion of constructed assets of assets in Delta, BC. In the year 2022 additions to construction in progress included $0.7 million in interest (with an interest rate ranging between 4.38% and 4.45%) and $0.3 million in salaries and benefits.

Effective September 1, 2023, Swiss Water completed the construction of this second production line and commenced producing commercial-grade chemical free decaffeinated coffee. As such, the Company transferred a total of $57.0 million of costs from construction in progress to machinery and equipment and started depreciating over its useful life ranging between 10 and 35 years.

During the year ended December 31, 2023, the Company received $0.4 million in cash from vendors for reimbursements related to the construction of its production lines in Delta. These proceeds were recorded as a reduction in plant and equipment (2022: $1.4 million).

The Company salvaged $1.3 million in assets from the production facility in Burnaby (2022: nil). These assets were repurposed at the Delta location and put to use subsequent to December 31, 2023, where they are depreciated over their remaining useful lives.

Impairment to plant and equipment in Burnaby BC

The Burnaby lease expired in June 2023. During the year ended December 31, 2022, the Company reviewed the dismantling plan and restoration obligation for the two production lines housed on the leased property, (the CGU), including the assessment of salvageable assets.

In accordance with IAS 36, Impairment of Assets, the Company identified indicators of impairment. Management considered both the cost and benefit, including cash proceeds from the sale of extracted assets, cash required to salvage equipment, and the expected utilization of salvaged machinery.

Management determined the recoverable amount of the CGU using the value-in-use method. The carrying amount exceeded the estimated recoverable amount of $2.7 million, and the Company recognized a $2.5 million impairment loss to plant and equipment, where $2.2 million was allocated to machinery and equipment and $0.3 million was allocated to leasehold improvements. There was no such impairment in 2023.

The value-in-use estimates used assumptions drawn from both internal and external sources related to future cash flows from the remaining life of Burnaby assets. Management did not identify any significant assumptions.

After recognizing the impairment, the depreciation of the remaining carrying value of Burnaby CGU was adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life, until June 2023 in which the Company exited the Burnaby property.

Plant and equipment at legacy location in Burnaby BC

Effective January 1, 2023, the Company reduced the estimated useful life of the non-salvaged assets located at its production facility in Burnaby, by 12 years. The useful life of these assets was re-aligned against the final production date at the site, which was in April 2023. At the time of the change in estimate, these assets had a carrying value of approximately $3.0 million. As such, during the year ended December 31, 2023, these non-salvaged assets were fully depreciated and an expense of 3.0 million is reflected within the $6.8 million total depreciation expense. The financial impact of the change in estimate was an incremental depreciation expense of $2.5 million for the year ended December 31, 2023. There was no such change in estimate during the comparative period in 2022.

During the year ended December 31, 2023, the Company disposed of $33.7 million of fully depreciated non-salvaged plant and equipment which was located at the production facility in Burnaby. The net effect of the removal of asset cost and accumulated depreciation was nil as the assets were fully depreciated by the time the assets were decommissioned.

10.2 Right-of-use assets

For the year ended December 31, 2023, right-of-use assets depreciation expense of $1.7 million (2022: $1.9 million) was charged to cost of sales and $0.2 million (2022: $0.2 million) was included in administrative expenses. There was no impairment loss recognized for the years ended December 31, 2023 and 2022.

During the year ended December 31, 2023, the property lease for the production facility in Burnaby expired. The Company disposed of the property lease and the net effect of the removal of asset cost and accumulated depreciation was nil.

During the year ended December 31, 2023, a lease for a truck expired. The Company disposed of the equipment lease and the net effect of the removal of asset cost and accumulated depreciation was nil.

During the year ended December 31, 2023, the Company entered into a new lease for a truck and the Company recognized $0.1 million in new right-of-use assets for the new truck. There was no such transaction in 2022.

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

The carrying value of right-of-use assets is as follows:

	Equipment	Property	Total
Cost			
Balance at January 1, 2023	$ 207	$ 25,571	$ 25,778
Additions	146	-	146
Remeasurement	-	12	12
Disposals	(110)	(1,439)	(1,549)
Balance at December 31, 2023	$ 243	$ 24,144	$ 24,387
Accumulated depreciation			
Balance at January 1, 2023	$ (160)	$ (8,178)	$ (8,338)
Depreciation	(48)	(1,919)	(1,967)
Disposals	110	1,439	1,549
Balance at December 31, 2023	$ (98)	$ (8,658)	$ (8,756)
Foreign exchange	-	(11)	(11)
Balance at December 31, 2023	$ 145	$ 15,475	$ 15,620

	Equipment	Property	Total
Cost			
Balance at January 1, 2022	$ 207	$ 25,737	$ 25,944
Disposals	-	(166)	(166)
Balance at December 31, 2022	$ 207	$ 25,571	$ 25,778
Accumulated depreciation			
Balance at January 1, 2022	$ (114)	$ (6,201)	$ (6,315)
Depreciation	(46)	(2,102)	(2,148)
Disposals	-	125	125
Balance at December 31, 2022	$ (160)	$ (8,178)	$ (8,338)
Foreign exchange	-	(11)	(11)
Balance at December 31, 2022	$ 47	$ 17,382	$ 17,429

11. INTANGIBLE ASSETS

For the year ended December 31, 2023, amortization expense of $0.1 million (2022: $0.2 million) relating to PPT has been charged to cost of sales and $0.01 million (2022: $0.02 million) relating to brand was included in administrative expenses.

As of December 31, 2023, PPT and brand were fully amortized. There was no impairment loss recognized for the years ended December 31, 2023 and 2022.

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

		PPT		Brand		Total
Cost						
Balance January 1, 2023	$	3,246	$	1,000	$	4,246
Balance December 31, 2023	$	3,246	$	1,000	$	4,246
Amortization						
Balance January 1, 2023	$	(3,142)	$	(994)	$	(4,136)
Amortization		(104)		(6)		(110)
Balance December 31, 2023	$	(3,246)	$	(1,000)	$	(4,246)
Balance at December 31, 2023	$	-	$	-	$	-

		PPT		Brand		Total
Cost						
Balance January 1, 2022	$	3,246	$	1,000	$	4,246
Balance December 31, 2022	$	3,246	$	1,000	$	4,246
Amortization						
Balance January 1, 2022	$	(2,896)	$	(975)	$	(3,871)
Amortization		(246)		(19)		(265)
Balance December 31, 2022	$	(3,142)	$	(994)	$	(4,136)
Balance December 31, 2022	$	104	$	6	$	110

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

		December 31, 2023		December 31, 2022
Accounts payable	$	11,458	$	27,043
Accrued liabilities		3,731		8,186
Income tax payable		-		142
	$	15,189	$	35,371

13. BORROWINGS

As at and during the years ended December 31, 2023 and 2022, the Company was in compliance with all banks' and creditor's covenants. The Company's borrowings are as follows:

			December 31, 2023		December 31, 2022
Construction loans with BDC and FCC	Note 13.1	$	56,824	$	44,131
Debenture with warrants with MRC	Note 13.2		14,631		13,477
Credit facility	Note 13.3		26,728		38,146
Borrowings, total		$	98,183	$	95,754
Less current portion					
Construction loans with BDC and FCC	Note 13.1		(2,748)		(191)
Debenture with warrants with MRC	Note 13.2		(14,631)		-
Borrowings, current		$	(17,379)	$	(191)
Borrowings, non-current		$	80,804	$	95,563

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

13.1 Construction loans with BDC and FCC

As of December 31, 2023 and 2022, the construction loans' balances due to BDC and FCC are as follows:

	December 31, 2023	December 31, 2022
Current portion		
Construction loans interest, current	$ 288	$ 191
Construction loan with BDC, current, fixed 4.45%	1,125	-
Construction loan with FCC, current, variable 7.5%	631	-
Construction loan with FCC, current, fixed 4.38%	404	-
Construction loan with BDC, current, variable 7.69%	300	-
	$ 2,748	$ 191
Long term portion		
Construction loan with BDC, non-current, fixed 4.45%	21,375	22,173
Construction loan with FCC, non-current, variable 7.5%	17,869	12,285
Construction loan with FCC, non-current, fixed 4.38%	9,596	10,000
Construction loan with BDC, non-current, variable 7.69%	5,700	-
Financing transaction costs	(464)	(518)
	$ 56,824	$ 44,131

13.1 (i) BDC/FCC - Agreements and financing transaction cost

In 2018, the Company completed a transaction with the Business Development Bank of Canada ("BDC") for a term loan facility ("Term Loan") of up to $20.0 million. The purpose of the Term Loan is to assist in the financing of new equipment for the first production line built in Delta, BC. The interest rate for the Term Loan was 4.95% per annum over 12 years. Principal repayments were to commence on July 1, 2021 until the Term Loan maturity date of June 1, 2033.

In 2021, the Company completed a financing transaction by increasing the existing term loan to $45.0 million to fund the planned construction of a second production line at the Delta location. The financing was provided by BDC and Farm Credit Canada ("FCC") in a pari passu structure. Each lender would fund 50% of the $45.0 million total loan value. The existing borrowing capacity with BDC increased from $20.0 million to $22.5 million ("BDC Amended Term Loan") and FCC would also fund $22.5 million ("FCC Term Loan"). Upon closing of the transaction, the Company's outstanding debt to each party, FCC and BDC, was $10.0 million each where the fixed interest rates were 4.38% and 4.45%, respectively. FCC paid $10.0 million to BDC on the Company's behalf to ensure that existing borrowings were restructured on a pari passu basis.

Effective November 22, 2022, as the Company continued constructing its second production line in Delta, BC, the Company entered into an amendment (the "Amended Senior Facility") to the existing senior debt facilities with BDC and FCC. Both lenders agreed to provide the Company with up to an additional $12.0 million, in total, of senior debt financing, at variable rates, funded equally between lenders.

Only interest will be paid on the outstanding balances monthly prior to July 1, 2024, for both the BDC and FCC Term Loans. Principal repayments for both loans commence on July 1, 2024 and will be repaid in monthly installments until both loans mature on June 1, 2034. Early principal repayment is available subject to conditions.

The FCC Term Loans consist of a fixed term and a variable loan, where, until maturity, the fixed term loan bears an interest rate of 4.38% and the variable loan bears an interest rate of the variable personal property rate minus 0.75%. The BDC Term Loans consist of a fixed term and a variable loan, where, until maturity, the fixed term loan bears an interest rate of 4.45%, while the variable loan bears an interest rate of the variable BDC floating rate minus 1.5%.

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

The Company incurred financing transaction costs associated with the above loans. These costs are recorded in non-current borrowings and amortized until the loan maturity date. As at December 31, 2023, deferred financing transaction costs were $0.5 million (December 31, 2022: $0.5 million).

13.1 (ii) BDC/FCC - Borrowing capacity

After the amendments on November 22, 2022, the Company's borrowing capacity with BDC and FCC increased from $45.0 million to $57.0 million with the purpose of funding capital expansions in Delta. As at December 31, 2023 and 2022, the Company's available borrowings were as follows:

		December 31, 2023		December 31, 2022
Construction loan, BDC, fixed 4.45%	$	22,500	$	22,500
Construction loan, BDC, variable BDC floating rate minus 1.5%		6,000		6,000
Construction loan, FCC, fixed 4.38%		10,000		10,000
Construction loan, FCC, variable personal property minus 0.75%		18,500		18,500
Gross borrowing capacity available	$	57,000	$	57,000
Advances, from inception		(57,000)		(44,131)
Available borrowing	$	-	$	12,869

13.1 (iii) BDC/FCC - Finance expense and interest paid

For both lenders, interest is based on the outstanding loan balance and is paid monthly. Total interest incurred on the BDC and FCC loans was $3.0 million, of which, the Company paid $2.9 million during the year ended December 31, 2023 (2022: $0.8 million and $0.8 million). Of the incurred amount, a total of $1.7 million was expensed and $1.3 million was capitalized in property, plant and equipment during the construction of the second production line in Delta (2022: $0.9 million and $0.7 million). The year to date BDC and FCC variable rate loan effective interest rates were 7.69% and 7.50% respectively (2022: nil and 4.04%). The finance costs and the effective interest rates are based on the average balance drawn on each loan.

For the years ended December 31, 2023 and 2022 loan additions, interest charged, and interest paid were as follows:

		December 31, 2023		December 31, 2022
Balance, open	$	44,131	$	30,655
Additions		12,542		13,690
Interest charged		3,032		1,614
Interest paid		(2,935)		(1,532)
Financing transaction costs additions		-		(320)
Less amortization of financing transaction costs		54		24
Balance, end	$	56,824	$	44,131

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

13.1 (v) BDC/FCC - Security

The construction loans are secured by a general security agreement and a first security interest on all existing equipment and machinery plus new equipment and machinery financed with the construction loans for both BDC and FCC. Seaforth provided a guarantee for construction loans to both BDC and FCC.

13.2 Debenture with warrants with MRC

The debenture with warrants consists of the principal amount due to Mill Road Capital LLC ("MRC"), a related party, and accrued interest, net of an unamortized bond discount. As at December 31, 2023 and 2022, the debenture with warrants is as follows:

	December 31, 2023	December 31, 2022
Principal amount due to MRC, 9%+1.5%	$ 15,000	$ 15,000
Unamortized bond discount	(929)	(1,853)
Accrued interest	560	330
	$ 14,631	$ 13,477

13.2 (i) MRC – Agreements and financing transaction cost

In 2016, the Company issued an unsecured subordinated convertible debenture to MRC for gross proceeds of $15.0 million. The convertible debenture maturity date was October 11, 2023. The Company paid financing transaction cost of $0.5 million in respect of issuing the convertible debenture. Until the debt extinguishment on July 20, 2021, the Company used the residual value method to allocate the fair value of the convertible debenture between the liability component and the derivative liability.

In 2021, Swiss Water amended the convertible debenture agreement with MRC to a debenture with warrants. Under the new terms of the agreement, the maturity date was extended by one year from October 11, 2023, to October 31, 2024. The other amended terms were: (i) the interest rate increased from a maximum of 7.85% to 9%, (ii) a 1.5% additional interest in kind was added, and (iii) the debt to shares conversion feature was amended. The debt to shares conversion was amended by (a) cancelling the existing conversion feature and (b) replacing the existing conversion feature with warrants to allow MRC to purchase up to 2.25 million common shares at a price of $3.33 per share. The warrants expire on October 31, 2024. This amendment was accounted for as an extinguishment of debt and a new debenture with warrants was established. The Company incurred financing transaction cost of $0.2 million associated with the amendment in 2021.

Effective November 22, 2022, Swiss Water amended the debenture with warrants agreement to (i) expand on the Senior Debt restricted covenant, where select liabilities are considered; (ii) allow Swiss Water a right to prepay the principal, and (iii) add security on the debenture. The original principal of $15.0 million and the maturity date of October 31, 2024, remain the same. Also, the interest on the debenture remains unchanged at 9% paid quarterly plus 1.5% interest in kind accrued quarterly. Meanwhile, the warrant agreement to issue 2.25 million warrants, with an exercise price of $3.33 was amended (i) to extend the maturity date from October 31, 2024, to April 30, 2026; and (ii) to add a cashless exercise option whereby MRC may elect to receive, upon exercise, such number of shares that is equal to the difference between the $3.33 exercise price and the fair market value of the shares at the time of exercise. This amendment was accounted for as an extinguishment of debt and a new debenture with warrants was established.

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

13.2 (ii) MRC – Finance expense and interest paid

The debenture with warrants interest rate is 9% per annum, paid quarterly in arrears. The 9% is subject to reaching a specific covenant threshold, in excess of this, the interest rate increases to 12.5 % per annum. The Company also incurs an additional 1.5% interest in kind, which accrues quarterly and is due at the maturity date. For the year ended December 31, 2023 and 2022, interest expensed and paid on debt due to MRC was as follows:

	December 31, 2023	December 31, 2022
Balance, open	$ 13,477	$ 12,890
Remeasurement of liability component of debenture with warrants	-	(307)
Interest charged for debenture with warrants	2,541	2,261
Interest paid on debenture with warrants	(1,387)	(1,367)
Balance, end	$ 14,631	$ 13,477

13.2 (iii) MRC – Embedded option within the debenture with warrants

Effective November 22, 2022, the amended debenture with warrants contains an embedded option, where if MRC were to elect, it would result in fewer than the maximum of 2.25 million of common shares being issued upon the exercise of the warrants. This embedded option is a financial liability revaluated at each reporting date. As at December 31, 2023, the Company determined the fair value of the embedded option to be $1.4 million (December 31, 2022: $1.4 million). For the year ended December 31, 2023, this revaluation resulted in a gain of $0.1 million (2022: $0.5 million).

The fair value of the embedded option was determined using the Black-Scholes option pricing model. The variables and assumptions used in computing the fair value are based on management's best estimate.

The inputs to the Black-Scholes option pricing model are as follows:

	December 31, 2023	December 31, 2022
Share price	$ 2.78	$ 2.31
Exercise price	$ 3.33	$ 3.33
Option life	2.33 years	3.33 years
Volatility	42%	49%
Risk-free interest rate	3.91%	4.07%
Dividend yield	0.00%	0.00%
Fair value of embedded option	$ 1,353	$ 1,429

13.2 (iv) MRC – Security

Effective November 22, 2022, the debenture with warrants is secured by a secondary general security agreement, after primary lenders ranking senior to MRC for the construction loans and credit facility, over all Swiss Water present and newly acquired personal property and proceeds. Prior to this, the debenture with warrants was unsecured.

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

13.2 (v) MRC – Gain on extinguishment of debt

During the year ended December 31, 2022, the Company renegotiated its debenture agreements with MRC and recorded the following gain on the extinguishment of debt. The Company incurred financing transaction cost of $0.2 million associated with the amendment in 2022. There was no such renegotiation in 2023.

	December 31, 2023	December 31, 2022
Professional fees	$ -	$ (222)
Extinguishment of equity component of debenture with warrants	-	2,439
Extinguishment of liability component of debenture with warrants	-	(1,634)
	$ -	$ 583

13.3 Credit Facility with a Canadian Bank

As at December 31, 2023 and 2022, the Credit Facility (defined below) due to a Canadian Bank comprises:

	December 31, 2023	December 31, 2022
Credit Facility with effective interest rate of 6.94%, 4.37%	$ 26,858	$ 38,414
Less unamortized financing transaction costs	(130)	(268)
	$ 26,728	$ 38,146

13.3 (i) Credit Facility - Agreements and financing transaction cost

In 2019, Swiss Water entered into a revolving credit facility agreement (“Credit Facility”), with a Canadian Bank, for borrowings up to the lower of the Borrowing Base (defined below) and $30.0 million.

Effective November 22, 2022, the available credit was increased from $30.0 million to $45.0 million with the purpose of supporting operations and growth. In tandem, this Credit Facility lending provided additional lending of up to $6.25 million credit facility through Export Development Canada (“EDC”), as discussed below. The maturity date of October 18, 2022, was extended to the earlier of October 19, 2025 or an event triggering default. The Company is not required to repay any balance outstanding until maturity, as long as the outstanding balance is not in excess of the Borrowing Base.

The Company incurred deferred financing transaction cost associated with the above loan. These costs are recorded in non-current borrowings and amortized until the loan maturity date. As at December 31, 2023 deferred financing transaction cost were $0.1 million (December 31, 2022: $0.3 million).

13.3 (ii) Credit Facility - Finance expense and interest paid

The Credit Facility has multiple interest rate options that are based on the Canadian Prime Rate, Base Rate, LIBO Rate, Bankers’ Acceptance Rate plus an acceptance fee, in addition to an applicable margin for each of these rates. Fees apply to outstanding letters of credit and the unused portion of the Credit Facility. The year to date Credit Facility variable rate loan effective interest rate was 6.94% (2022: 4.37%).

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

For the year ended December 31, 2023 and 2022 loan advances, repayments, and fees and interest charged were as follows:

	December 31, 2023	December 31, 2022
Balance, open	$ 38,146	$ 23,307
Advances	3,400	15,100
Repayments	(17,500)	(1,500)
Fees and interest charged	2,544	1,402
Financing transaction costs	-	(268)
Amortized financing transaction costs	138	105
Balance, end	$ 26,728	$ 38,146

13.3 (iii) Credit Facility - Security

The Company has pledged substantially all of its assets, except for assets pledged to BDC and FCC, as collateral for the Credit Facility, including a first priority security interest over all inventory, accounts receivable, excess margin and gains on the commodity hedging account, gains in the foreign exchange contract facility and other assets of the Company.

13.3 (iv) Credit Facility - Borrowing base

The Credit Facility's Borrowing Base margins the Company's eligible inventories and accounts receivable, commodity hedging account equity margin plus its mark-to-market gains, which are netted against any losses in the commodity hedging account and foreign exchange contract facility. Amounts can be drawn in either Canadian or US dollars and can be borrowed, repaid, and re-borrowed to fund operations, capital expansions, letters of credit, and for general corporate purposes.

As at December 31, 2023 and 2022, the Company's borrowing availability is as follows:

	December 31, 2023	December 31, 2022
Gross borrowing base availability	$ 28,912	$ 45,000
Advances, repayments, fees and interest from inception	(26,858)	(38,414)
Outstanding letter of credit and security lien bond	(537)	(837)
Interests and fees accrued	180	212
	$ 1,697	$ 5,961

13.3 (v) Credit Facility - Foreign exchange and commodity futures contract facilities

As part of the Credit Facility, the Company has a US$8.0 million foreign exchange and commodity futures contract facility, which allows the Company to enter into spot, forward, and other foreign exchange rate transactions and commodity futures transactions with the Canadian Bank with a maximum term of up to 60 months.

13.4 Credit Facility with EDC

Effective November 22, 2022, the Company entered into a revolving credit facility agreement with EDC (the "EDC Credit") for borrowings of up to $6.25 million. The EDC Credit is to be used for the purpose of providing additional liquidity to finance the Company's operations, should it be needed. The lender of the above-mentioned Credit Facility with a Canadian Bank is the administrative agent for the EDC Credit and all security and guarantees held by the lender of the Credit Facility as security for the Credit Facility are also held as security for the EDC Credit. Amounts drawn on the EDC Credit bear interest at the Canadian Prime Rate plus 1.5% per annum. The EDC Credit is subject to certain fees. The EDC Credit facility will terminate on the earliest of: (i) demand by the lender of the Credit Facility for repayment, (ii) the second anniversary of the effective date of November 22, 2024, and (iii) the maturity date under the Credit Facility. The lender of the Credit Facility may in its sole discretion, renew the EDC Credit for a maximum of five successive one-year periods after the first anniversary of the effective date. As at December 31, 2023, no amounts were drawn on EDC Credit (2022: nil).

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

13.5 Foreign exchange facility guarantee with EDC

On June 1, 2020, the Company entered into a foreign exchange facility guarantee with EDC to cover margin requirements in relation to the foreign exchange contract facility. On August 4, 2020, the Company's Credit Facility lender amended the Credit Facility to recognize the foreign exchange facility guarantee provided by EDC. The facility guarantees a maximum aggregate liability of up to $6.0 million and it is valid until May 31, 2024. This guarantee provides additional borrowing capacity within the abovementioned Credit Facility with a Canadian Bank.

14. INCOME TAXES

14.1 Income tax recovery and expense

Swiss Water has $69.8 million non-capital tax losses carry forward, in Canada, as of the end of December 31, 2023, which will begin to expire in 2039. For the year ended December 31, 2023, tax expense on other comprehensive income related to hedging activities was $0.4 million (2022: $0.06 million tax recovery). The current and deferred income tax expense (recovery) is as follows:

		December 31, 2023		December 31, 2022
Current income tax (recovery) expense	$	(92)	$	36
Deferred tax expense		88		783
Income tax (recovery) expense	$	(4)	$	819

14.2 Income tax receivable and income tax payable

As at December 31, 2023 income tax receivable was $0.2 million (2022: $0.1 million income tax payable). In 2022, current tax payable was included within 'Accounts payable and accrued liabilities' on the Statement of Financial Position.

14.3 Reconciliation

Income tax expense for the year can be reconciled to the accounting profit as follows:

		December 31, 2023		December 31, 2022
Statutory rate		27%		27%
Income before tax	$	(524)	$	3,206
Income tax calculated at applicable tax rates	$	(141)	$	866
Non-deductible expenses		142		(43)
Foreign tax rate differential		(5)		(4)
Income tax (recovery) expense	$	(4)	$	819

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

14.4 Deferred income tax assets (liabilities)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. The movement in deferred income tax assets and liabilities during the year was as follows:

	Goodwill and intangibles	Property plant and equipment	Financing issuance costs and other	ARO	Lease Liability	Share based compen-sation	Derivatives liability and convertible debenture	Debenture with warrants	Other compre-hensive income	Tax Losses	Total
Balance at January 1, 2022	$ 692	$ (18,874)	$ 401	$ 516	$ 5,862	$ 154	$ (1,247)	$ (597)	$ (319)	$ 8,217	**$ (5,195)**
To income tax expense	11	251	(70)	612	(482)	53	2,017	483	-	(2,874)	**1**
To equity	-	-	-	-	-	-	-	-	575	-	**575**
Balance at December 31, 2022	**$ 703**	**$ (18,623)**	**$ 331**	**$ 1,128**	**$ 5,380**	**$ 207**	**$ 770**	**$ (114)**	**$ 256**	**$ 5,343**	**$ (4,619)**
Balance at January 1, 2023	$ 703	$ (18,623)	$ 331	$ 1,128	$ 5,380	$ 207	$ 770	$ (114)	$ 256	$ 5,343	**$ (4,619)**
To income tax expense	(24)	(13,205)	273	(92)	(414)	119	(466)	228	-	13,493	**(88)**
To equity	-	-	-	-	-	-	-	-	(433)	-	**(433)**
Balance at December 31, 2023	**$ 679**	**$ (31,828)**	**$ 604**	**$ 1,036**	**$ 4,966**	**$ 326**	**$ 304**	**$ 114**	**$ (177)**	**$ 18,836**	**$ (5,140)**

15. OTHER LIABILITIES

Other liabilities balances represent the fair value of the deferred share units ("DSUs") and the cash-settled portion of the restricted share units ("RSUs"), and are outstanding as follows:

	December 31, 2023	December 31, 2022
Other liabilities, current	$ 1,141	$ 554
Other liabilities, non-current	64	208
	$ 1,205	$ 762

16. LEASE LIABILITIES

16.1 Lease liabilities

Lease liabilities are as follows:

	December 31, 2023	December 31, 2022
Lease liabilities, current	$ 1,681	$ 1,671
Lease liabilities, non-current	16,712	18,256
	$ 18,393	$ 19,927

The Company leases the following:

- Swiss Water leases a build-to-suit production facility in Delta. The lease can be renewed at the Company's option in five-year increments up to a total of 30 years. The lease commenced in July 2018. Under the lease, the Company has multiple options to buy out the lease starting at the end of the second five-year term. The buy-out value will be equal to the fair market value of the property as determined by an appraisal process, subject to specified maximum and minimum values. In 2022, the Company exercised its first lease renewal option, which will expire in July 2028.
- During the year ended December 31, 2023, the property lease for the production facility in Burnaby expired and the Company returned the leased property to the landlord. Refer to note 'Property plant and equipment' (Note 10) for additional information related to the expiry of this lease.

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

- Seaforth leases a warehouse in Delta and the lease expires in June 2027. The Company has two options to renew the lease for an additional term of five years each.
- During the year ended December 31, 2023, a lease for a truck expired and the Company entered into a new lease for a truck, which will expire in February 2028. The total value of lease liabilities added was $0.2 million. There was no such transaction in 2022. Refer to Note 10 for details.
- Swiss Water leases various office equipment with expiring dates of October 2024 and January 2025.
- SWEU leases a sales office in France which expires in October 2027.

16.2 Amounts recognized in the consolidated statement of (loss) and income and the consolidated statement of cash flows

From the total of lease cash payments, the portion relating to finance expense is recognized in the operating activities while the principal portion of lease payments is recognized in the financing component on the consolidated statement of cash flows.

The amounts recognized in the consolidated statement of (loss) and income and consolidated statement of cash flows are as follows:

	December 31, 2023	December 31, 2022
Balance, open	$ 19,927	$ 21,719
Additions	146	-
Remeasurement	8	-
Terminations	(7)	-
Finance expense	955	1,033
Lease cash payments	(2,638)	(2,776)
Foreign exchange	2	(49)
Balance, end	$ 18,393	$ 19,927

16.3 Minimum lease payments

As at December 31, 2023, the minimum payments under lease liabilities are as follows:

	December 31, 2023
No later than 1 year	$ 2,558
Later than 1 year and no later than 5 years	7,881
Later than 5 years	49
	$ 10,488

17. ASSET RETIREMENT OBLIGATION (“ARO”)

The Company estimates that the total undiscounted amount of cash flows required to settle its ARO is approximately $6.0 million, all of which is allocated to the Delta location. As at December 31, 2023, the Company recorded a total of $3.8 million (2022: $4.2 million), reflecting the present value of the ARO using a risk-free rate of 3.06% (2022: between 3.28% and 4.02%).

In June 2023, the lease for the Burnaby location concluded and the property was fully restored and returned to the landlord, as per contractual terms. Of the estimated $1.5 million ARO for the Burnaby location, the actual aggregate cost and payments, made during 2022 and 2023, were $1.3 million as per table below. The remainder of Burnaby's ARO balance was written off to other gains. During the year ended December 31, 2023, the Company recognized, in the consolidated statement of (loss) and income, other gains totaling $0.2 million, which is the unused portion of the ARO for the Burnaby location (2022: nil). During the years ended December 31, 2022 and 2023, ARO transactions were as follows:

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

	December 31, 2023	December 31, 2022
Balance, open	$ 4,180	$ 1,911
Remeasurement recognized in other gains	(175)	-
Remeasurement recognized in property plant and equipment	905	2,389
Payments	(1,174)	(164)
Accretion	103	44
Balance, end	$ 3,839	$ 4,180
Less current portion	-	(1,334)
Balance, non-current	$ 3,839	$ 2,846

18. SHARE CAPITAL

18.1 Common shares

Swiss Water is authorized to issue an unlimited number of common shares without par value. Each share is equally eligible to receive dividends when declared and represents one vote at meetings of shareholders.

As at December 31, 2023, there were 9,212,955 common shares issued and outstanding.

18.2 Preferred shares

On May 9, 2022, at the Annual and Special Meeting of Shareholders, the Shareholders approved the amendment to the Articles of Amalgamation of the Company to create two new classes of shares, Class A Preferred Shares and Class B Preferred Shares.

As at December 31, 2023, there were nil preferred shares issued and outstanding.

18.3 Warrants

In 2021, the Company issued 2.25 million warrants to MRC. Each warrant was exercisable for one common share at a price of $3.33, expiring on October 31, 2024. The warrant's initial value was recorded as a component of equity and subsequently was not remeasured.

Effective November 22, 2022, the debenture with warrants agreement was amended to (i) extend the maturity date of the warrants from October 31, 2024, to April 30, 2026, and (ii) provide for a cashless exercise whereby MRC may elect to receive, upon exercise, such number of shares that is equal to the difference between the $3.33 exercise price and the fair market value of the shares. There was no change to the number of shares issuable under the agreement or the exercise price of the warrants. As the agreement now allows for a cashless option for a variable number of shares, the warrants were reclassified from equity to financial liability. Refer to Note 13.2(iii) for further details.

As at December 31, 2023 and 2022 these 2.25 million warrants continue to be issued and outstanding with an exercise price of $3.33, maturing on April 30, 2026. As at December 31, 2023, the remaining weighted average life of warrants is 2.33 years (2022: 3.33 years).

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

18.4 Restricted share units

The Company has an RSU plan that allows it to grant RSUs to officers, employees, and consultants of Swiss Water or its subsidiaries. The RSU plan is administered by the Board of Directors, which sets the terms of incentive awards under the RSU plan. On May 9, 2022, Swiss Water shareholders approved an increase in the number of common shares available for issuance under the RSU plan. The increase was from a maximum of 815,509 common shares to a maximum of 1,115,509 common shares. All RSU grants vest on the third anniversary of issuance provided the grant recipient is still employed by Swiss Water or one of its subsidiaries as at the date of vesting. Grants are forfeited if a recipient is no longer employed by Swiss Water or one of its subsidiaries. Upon vesting, each RSU converts to one common share. These grants allow participants to receive up to 50% of the market value of the award in cash (instead of shares) upon vesting, in order to facilitate payment of taxes owing on the awards. Any RSUs paid in cash are returned to the pool and may be re-issued, subject to the maximum number of common shares available under RSU.

Periodically, the Company grants RSUs, some of which are performance RSUs, and others are non-performance RSUs. Both non-performance and performance RSUs vest over time on the third anniversary of their grant. Performance based RSUs are subject to meeting additional performance objectives specified by the Board of Directors.

Each award is increased by the value of dividends paid to shareholders during the vesting period, using a formula that uses the higher of the then-current share price and $3.20. The Company values the RSUs using the volume based weighted average share price (“VWAP”). VWAP is based on the Canadian dollar trading price of the Company’s common shares on the Toronto Stock Exchange for the five trading days immediately preceding that relevant date, calculated by dividing the total value by the total volume of common shares traded, according to the RSU plan.

The movement in RSUs was as follows:

	Number of RSUs		Volume based weighted average share price	Average remaining vesting period in years	Performance based
Balance at January 1, 2022	**439,747**	**$**	**3.07**	**1.56**	
RSUs granted	63,000	$	2.25	2.13	No
RSUs granted - performance	158,300	$	2.63	1.21	Yes
RSUs cash-settled	(50,164)	$	3.14	-	No
RSUs exercised	(36,142)	$	5.11	-	No
Balance at December 31, 2022	**574,741**	**$**	**2.55**	**1.11**	
Balance at January 1, 2023	**574,741**	**$**	**2.55**	**1.11**	
RSUs granted	95,000	$	2.48	2.12	No
RSUs granted - performance	158,300	$	2.42	0.21	Yes
RSUs cash-settled	(64,001)	$	2.69	-	No
RSUs exercised	(47,140)	$	2.95	-	No
Balance at December 31, 2023	**716,900**	**$**	**2.19**	**0.54**	

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

18.5 Deferred share units

The Company has a DSU plan in order to issue DSUs to participants of Swiss Water. The DSU plan was adopted to allow participants the opportunity to defer compensation and encourage a sense of ownership in Swiss Water. Under the DSU plan, participants may elect to defer compensation and receive DSUs equal to the value of the deferred compensation.

The first DSUs were issued in April 2012. The number of DSUs was determined by dividing the amount of deferred compensation by the fair market value ("FMV"). The FMV of DSUs is defined in the DSU plan as the weighted average closing price of Swiss Water shares for the five business days immediately preceding the relevant date.

Upon the occurrence of a redemption event, the affected participant will be entitled to receive a lump sum cash payment, net of applicable withholding taxes, equal to the product of the number of DSUs held by that participant and the FMV on the date of the redemption event. The DSUs do not contain any vesting conditions or forfeiture provisions, as they are issued in exchange for deferred compensation.

Under the DSU plan, outstanding DSUs as at the record date are increased by the dividend whenever dividends are paid to shareholders. The movement in DSUs was as follows:

	Number of DSUs		Weighted average share price	Performance based
Balance at January 1, 2022	**99,861**	**$**	**3.11**	
DSUs issued	85,590	$	2.83	No
Balance at December 31, 2022	**185,451**	**$**	**2.31**	
Balance at January 1, 2023	**185,451**	**$**	**2.31**	
DSUs issued	81,330	$	2.66	No
DSUs redeemed	(32,120)	$	2.76	No
Balance at December 31, 2023	**234,661**	**$**	**2.78**	

19. REVENUE

The following are disaggregation of revenue and contract balances related to contracts with customers. Details on contracts with customers, disaggregation, judgements, performance obligations, transaction price, and timing of satisfaction of performance obligation are outlined in the Accounting policies under 'Revenue recognition'. Related credit risk and customer concentration are discussed in the Note on 'Financial risk management', under 'Credit risk'.

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

19.1 Disaggregation of revenue

Revenue disaggregated by geographical markets is disclosed in Note 24 under segment reporting. The Company also disaggregates revenue by major products and services: decaffeinated coffee sales, decaffeination services, and distribution with the following results for the years ended December 31, 2023 and 2022 as follows:

	December 31, 2023	December 31, 2022
Decaffeinated coffee sales	$ 144,118	$ 153,128
Decaffeination services	10,138	11,350
Distribution	12,021	12,457
	$ 166,277	$ 176,935

19.2 Contract balances

As at December 31, 2023, the accounts receivable balance of $19.1 million (2022: $20.7 million) consists of amounts due from customer contracts and reflects the Company's right to a consideration that is unconditional. Provision for expected credit loss included in accounts receivable balance as at December 31, 2023 was $0.1 million (2022: $0.1 million). As at December 31, 2023 there were no liabilities related to contracts with customers, while in 2022, $0.3 million of deferred revenue, related to cash received in advance of deliveries, was included in accrued liabilities. During both years ended December 31, 2023 and 2022 there were no significant changes in the contract assets and contract liabilities balances. The Company did not have other contract assets or liabilities from contracts with customers.

20. EMPLOYEE BENEFITS EXPENSES

Expenses recognized for employee benefits are detailed below:

	December 31, 2023	December 31, 2022
Short-term benefits	$ 12,353	$ 12,566
Long-term benefits	597	477
Post-employment benefits	1,185	1,080
	$ 14,135	$ 14,123

Short-term benefits comprise salaries, accrued bonuses, benefits, and director fees. Long-term benefits comprise share-based compensation under the RSU plan and the DSU plan.

Post-employment benefits are contributions to employee retirement accounts, as well as statutory remittances related to post-employment benefits. These are recognized as an expense when employees have rendered service entitling them to the contributions.

21. RELATED PARTY TRANSACTIONS

The Company's related parties include its subsidiaries, key management personnel, and a company related to a director. Details of transactions between the Company and related parties (other than its subsidiaries identified in Note 1, Nature of Business) are discussed below. All intercompany transactions, balances, income, and expenses are eliminated on consolidation.

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

21.1 Compensation of key management personnel

During the year ended December 31, 2023, $0.4 million of RSU key management personnel remuneration that was directly related to the construction of Delta equipment was added to the property plant and equipment (2022: $nil).

The remuneration of directors and key management personnel included in the consolidated statement of (loss) and income for the years ended December 31 2022 and 2023 was as follows:

		December 31, 2023		December 31, 2022
Short-term benefits	$	2,150	$	2,260
Long-term benefits		443		348
Post-employment benefits		280		249
	$	2,873	$	2,857

21.2 Trading transactions

During the year, the Company entered into the following transactions with a company that is related to a director of the Company:

		December 31, 2023		December 31, 2022
Sales	$	1,078	$	1,728
Purchases of raw materials	$	6,705	$	9,007

As at December 31, 2023, the Company had the following balances receivable from and payable to a company that is related to a director:

		December 31, 2023		December 31, 2022
Accounts receivable	$	5	$	3
Accounts payable	$	1,074	$	2,170

These transactions were in the normal course of operations and were measured at the fair value of the consideration or receivable, which was established and agreed to by both parties.

21.3 Employee Loans

On October 26, 2021, the Company and a member of key management entered into a promissory note in the amount of $0.07 million. For as long as the borrower remains an employee, the obligation to repay the principal is forgiven against current and future awards under the RSU plan, by forfeiture of awards. The loan is interest free other than in the event of default, in which case the promissory note would bear simple interest at a rate of 10% per annum. As at December 31, 2023, the loan balance of $0.01 million was included in other current receivables (2022: $0.04 million in non-current receivables).

21.4 Debenture with warrants

MRC is a shareholder of Swiss Water, and under the terms of the debenture with warrants agreement, MRC added their senior executive to Swiss Water's Board of Directors. As a holder of the debenture with warrants, MRC has the right to exercise the warrants and obtain an additional 2.25 million shares of Swiss Water. As such, MRC is considered a related party. Refer to the Borrowings under the subheading 'MRC – Debenture with warrants with MRC' for this related party disclosure.

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

22. BASIC AND DILUTED EARNINGS PER SHARE ("EPS")

The Company presents basic and diluted EPS for its common shares. Basic EPS is calculated by dividing income or loss attributable to shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted EPS is calculated by dividing income or loss attributable to shareholders of the Company by the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares. The weighted average number of shares outstanding on a diluted basis takes into account the additional shares for the assumed exercise of RSUs and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting period. When the effects of a potential issuance of shares under warrants and RSUs would be anti-dilutive, basic and diluted loss per share are the same.

Basic and dilutive earnings per share are as follows:

	December 31, 2023	December 31, 2022
Basic and diluted (loss) earnings per share		
Net (loss) income and diluted net (loss) income attributable to shareholders	$ (528)	$ 2,387
Weighted average number of shares, basic and diluted	9,206,368	9,158,161
Basic and diluted (loss) earnings per share	$ (0.06)	$ 0.26

Potential common shares are anti-dilutive when their conversion to common shares increases earnings per share or decreases loss per share from continuing operations. Anti-dilutive potential common shares are excluded from the weighted average number of shares outstanding for the purposes of calculating the diluted earnings per share. The following potential common shares are anti-dilutive in one or more periods and are therefore excluded from the weighted average number of common shares outstanding for the purposes of calculating the diluted earnings per share:

	December 31, 2023	December 31, 2022
Weighted average number of RSUs granted	668,232	442,511
Weighted average number of Warrants issued	2,250,000	2,250,000

23. SUPPLEMENTAL CASH FLOW INFORMATION

Cash and cash equivalents include cash on hand, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

Changes in non-cash working capital are as follows:

	December 31, 2023	December 31, 2022
Accounts receivable	$ 1,772	$ (6,722)
Inventories	37,213	(36,091)
Other assets and liabilities	(197)	57
Prepaid expenses and other receivables	196	(163)
Accounts payable and accrued liabilities	(13,612)	16,681
Payments for asset retirement obligation	(1,174)	(164)
Derivative assets, liabilities and hedged firm commitments at fair value through profit and loss	(5,725)	11,796
	$ 18,473	$ (14,606)

Cash and non-cash transactions recognized within operating activities are as follows:

- During the year ended December 31, 2023, Swiss Water paid $1.2 million related to asset retirement obligation to restore its legacy Burnaby leased property (2022: $0.2 million). Once the Company satisfied its obligation to restore the Burnaby location and returned the property to the landlord, the Company wrote off the remainder of the asset retirement obligation and recognized a $0.2 million gain. (2022: nil). This gain is a non-cash item affecting operating activities.

- During the year ended December 31, 2023, $0.1 million in cash was paid to settle RSUs, while $0.1 million was paid to settle DSUs (2022: $0.1 for RSUs and nil for DSUs).

- During the prior year ended December 31, 2022, $0.1 million of non-cash Scientific Research and Development tax credit was recorded in the administrative expenses. There was no such transaction during the year 2023.

- During the year ended December 31, 2023 and 2022, lease payments for short-term leases and leases of low value, which are not included in the measurement of the lease liability are classified as cash flows from operating activities.

Cash and non-cash transactions affecting operating and investing activities are as follows:

- During the year ended December 31, 2023, $1.3 million of cash interest payments on construction loans was added to property, plant and equipment (2022: $0.7 million).

- During the year ended December 31, 2023, $0.9 million of non-cash asset retirement obligation for the Delta leased property was added to property, plant and equipment (2022: $2.4 million).

- During the year ended December 31, 2023, $0.4 million of non-cash share based compensation related to the construction of the production facility in Delta was added to property, plant and equipment (2022: nil).

- As at December 31, 2023, $0.2 million in additions to property, plant and equipment were recorded in accounts payable and accrued liabilities (2022: $6.2 million). These transactions did not require the use of the Company's cash.

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

- As at December 31, 2023, $0.3 million of depreciation on manufacturing equipment was included in inventory (2022: $0.6 million). This is a non-cash item within operating and investing activities.

Cash and non-cash transactions affecting operating and financing activities are as follows:

- During the prior year ended December 31, 2022, the Company incurred $0.8 million in financing transaction costs related to the renegotiation of the Company's borrowings. Of these costs, the Company paid $0.4 million by December 31, 2022, while the remainder, $0.4 million, was paid during year ended December 31, 2023.

- During the prior year ended December 31, 2022, $0.6 million in non-cash gains were recognized on extinguishment of debt. There was no such transaction during the year 2023.

- During the year ended December 31, 2023 and 2022, the Company has classified the interest portion of lease payments within operating activities and the principal portion within financing activities.

Other cash and non-cash transactions:

- During the year ended December 31, 2023, $0.4 million in cash was received from a utility company for installing energy saving machinery and the Company recognized this refund within the property plant and equipment. In the prior year 2022, the Company received $1.4 million in cash reimbursement from vendors. These transactions are a part of investing activities.

- During the year ended December 31, 2023, Swiss Water leased a new truck and $0.2 million of right-of-use assets were added to leased liabilities (2022: $nil). This non-cash item affects financing and investing activities.

24. SEGMENT REPORTING

The Company's sales are primarily generated by the decaffeination of the green coffee segment and in three geographic areas: Canada, the United States, and other international markets. The Company's revenue from external customers and its non-current assets (excluding deferred tax assets), by location, are detailed below.

24.1 Non-current assets (excluding deferred taxes)

Non-current assets, excluding deferred taxes, are in the following geographic segments:

	December 31, 2023	December 31, 2022
Canada	$ 136,424	$ 128,341
United States	12	22
Europe	99	125
	$ 136,535	$ 128,488

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

24.2 Revenue

Revenue is primarily generated from a single business segment of decaffeination of green coffee beans. Management examines revenue from the sale of coffee and services provided to customers who are located in the following geographic regions:

	December 31, 2023	December 31, 2022
Canada	$ 48,086	$ 45,400
United States	83,642	86,160
International and other	34,549	45,375
	$ 166,277	$ 176,935

24.3 Impairment

As disclosed in the 'Property, plant and equipment' note, during the year ended December 31, 2022, the Company recognized a $2.5 million impairment of plant and equipment. These assets are located in Canada. There was no such impairment in 2023.

25. FINANCIAL RISK MANAGEMENT

The Company's risk management program focuses on the unpredictability of commodity prices and foreign exchange rates and seeks to minimize potential adverse effects on the Company's financial performance and cash flows. The Company uses derivative financial instruments to hedge these risk exposures. In addition, the Company monitors other financial risks on a regular basis.

Risk management is carried out under policies approved by the Board of Directors. The Company's exposure to and management of financial risks is discussed in more detail below.

25.1 Commodity price risk hedges on purchase commitments and inventory

Commodity price risk is the risk that the fair value of inventory will fluctuate as a result of changes in commodity prices. The Company utilizes futures contracts to manage its commodity price exposure. The Company buys and sells futures contracts for coffee on the Intercontinental Exchange in order to offset its inventory position and fix the input cost of green coffee.

As at December 31, 2023, the Company had futures contracts to buy 9.3 million lbs of green coffee with a notional value of US$17.1 million, and contracts to sell 13.8 million lbs of green coffee with a notional value of US$25.5 million. The furthest contract matures in December 2024 (2022: buy 16.8 million lbs of green coffee with a notional value of US$27.1 million, and contracts to sell 26.8 million lbs of green coffee with a notional value of US$43.4 million). An estimated 1% decrease in the mark-to-market rate applied to coffee futures would have resulted in an estimated gain of $0.1 million to the net income before tax, and vice versa.

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

The following tables provide a summary of commodity hedges designated as hedging instruments:

Carrying amount of hedging instruments	**December 31, 2023**	**December 31, 2022**
Fair value hedge	Commodity price risk Coffee futures	Commodity price risk Coffee futures
Nominal amount of hedging instruments (in US$'000)	$ 8,396	$ 16,267
Line item in the statement of financial position where hedging instrument is located		
Derivative Assets	$ 1,273	$ 3,288
Changes in fair value used for calculating hedge ineffectiveness	-	-

Accumulated amount of fair value hedge adjustment on hedged item included in the carrying amount of the hedged items	**December 31, 2023**	**December 31, 2022**
Fair value hedge	Purchase commitments and coffee inventory	Purchase commitments and coffee inventory
Nominal amount of hedged item (in '000 lbs)	4,489	10,045
Line items in the statement of financial position where hedged item is located	Inventories & hedged firm commitments	Inventories & hedged firm commitments
Assets	$ 1,226	$ 1,056
Liabilities	569	8,014
Changes in fair value used for calculating hedge ineffectiveness	-	-

25.2 Foreign exchange currency risk hedges

The Company realizes a significant portion of its revenues in US$ and purchases green coffee in US$ which is, in some cases, sold to customers in Canadian dollars. The Company enters into forward foreign currency contracts to manage its exposure to currency rate fluctuations and to minimize the effect of exchange rate fluctuations on business decisions. These contracts relate to the Company's future net cash flows in US$ from sales. In addition, the Company enters into forward contracts to buy US$ for coffee that it resells in Canadian dollars.

As at December 31, 2023, the Company had forward currency contracts to buy US$9.9 million and sell US$51.3 million (2022: buy US$7.1 million and sell US$54.8 million) from January 2024 through to January 2027 at various Canadian exchange rates ranging from $1.28 to $1.38. An estimated CAD 1 cent decrease in the value of US$ would have resulted in an estimated gain of $0.3 million to the net income and other comprehensive income before tax, and vice versa.

The following tables provide a summary of amounts related to foreign currency forward contracts designated as hedging instruments. Not included in the tables below are fair value changes for swap and other contracts, as these are not designated hedge instruments.

Currency risk hedges related to US$ sales

As at December 31, 2023, the Company designated as hedging instruments US$51.3 million in forward contracts to sell US dollars, which relate to highly probable forecasted sales revenue (2022: US$40.2 million).

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

Carrying amount of hedging instruments	December 31, 2023	December 31, 2022
Cashflow hedge	Currency risk Foreign currency forwards	Currency risk Foreign currency forwards
Nominal amount of hedging instruments (in US$'000)	$ 51,310	$ 40,205
Line items in the statement of financial position where hedging instrument is located		
Derivative Assets	$ 864	$ 67
Derivative Liabilities	265	1,072
Changes in fair value used for calculating hedge ineffectiveness	-	-

Accumulated amount of fair value hedge adjustment on hedged item included in the carrying amount of the hedged items	December 31, 2023	December 31, 2022
Cashflow hedge	Currency risk Foreign currency forwards	Currency risk Foreign currency forwards
Nominal amount of hedged item (in US$'000)	$ 51,310	$ 40,205
Line items in the statement of financial position where hedged item is located	Accumulated other comprehensive income	Accumulated other comprehensive income
Assets	$ n/a	$ n/a
Liabilities	n/a	n/a
Changes in fair value used for calculating hedge ineffectiveness	-	-
Cashflow hedge reserve	599	(1,005)

Currency risk hedges related to US$ purchases

As at December 31, 2023, the Company designated as hedging instruments US$5.8 million in forward contracts to buy US dollars, which relate to coffee purchases (2022: US$7.1 million).

Carrying amount of hedging instruments	December 31, 2023	December 31, 2022
Fair value hedge	Foreign currency purchase forwards	Foreign currency purchase forwards
Nominal amount of hedging instruments (in US$'000)	$ 5,844	$ 7,124
Line item in the statement of financial position where hedging instrument is located		
Derivative Assets	$ 4	$ 138
Derivative Liabilities	157	50
Changes in fair value used for calculating hedge ineffectiveness	-	-

Accumulated amount of fair value hedge adjustment on hedged item included in the carrying amount of the hedged items		**December 31, 2023**		**December 31, 2022**
Fair value hedge		Firm purchase commitments & inventories		Firm purchase commitments & inventories
Nominal amount of hedged item (in US$'000)	$	5,844	$	7,124
Line item in the statement of financial position where hedged item is located		Inventories & hedged firm commitments		Inventories & hedged firm commitments
Assets	$	131	$	-
Liabilities		7		244
Changes in fair value used for calculating hedge ineffectiveness		-		-

25.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk for cash equivalents and short-term investments is low as they are all made in fixed-rate instruments. The Company does have interest rate risk related to its credit facilities and variable construction loans, where a 1% increase in the Canadian Prime Rate loan, holding all other variables constant, would result in a $0.4 million decrease to (loss) income before taxes. There is no interest rate risk on the debenture with warrants and fixed construction loans as the interest rates are fixed.

25.4 Credit risk

The Company is exposed to credit risk with respect to its cash and cash equivalents, accounts receivable, deposits and other receivables, and derivative financial instruments.

The Company does not have significant credit risk related to cash and cash equivalents as amounts are held with major financial institutions.

The Company follows a program of credit evaluations of customers. A customer’s credit check is performed in advance of providing credit to a customer and by reviewing their external credit ratings and interviewing customers’ reputable vendors and then reviewed annually.

For the year ended December 31, 2023, revenues from three major customers of $58.9 million (2022: $56.6 million) represented 35% (2022: 32%) of total revenues for the year. Three major customers represented 42% of total accounts receivable as at December 31, 2023 (2022: 50%).

The Company had 14% of its accounts receivable past due but not impaired as at December 31, 2023 (2022: 16%). Of the past due accounts receivable, 89% are 1-30 days past due (2022: 92%), while 14% are over 31 days past due (2022: 1%).

The Company manages the credit risk related to its derivative financial instruments by entering into such contracts only with high credit quality institutions.

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

25.5 Liquidity risk

Non-derivative financial liabilities are as follows:

	Carrying Amount December 31, 2023	Contractual Cash Flows 2024	2025 to 2026	2027 to 2028	Thereafter
Accounts payable	$ 11,458	$ 11,458	$ -	$ -	$ -
Other liabilities	1,205	1,141	64	-	-
Lease liabilities	18,393	2,571	5,189	2,728	-
Credit facility	26,728	-	26,858	-	-
Construction loans and interest	56,824	2,748	11,400	11,400	31,740
Debenture with warrants	14,631	15,560	-	-	-
Total	$ 129,239	$ 33,478	$ 43,511	$ 14,128	$ 31,740

The Company has in place a planning and budgeting process to assist in determining the funds required to support the Company's normal operating requirements on an ongoing basis and its future plans. The Company ensures that there are sufficient committed financing facilities to meet its short-term business requirements, taking into account its anticipated cash flows from operations, its existing bank indebtedness and additional borrowing capacity. The Company has maintained compliance with its banking covenants and remains able to satisfy its liabilities as they become due.

25.6 Fair value of financial instruments

The Company classifies and discloses the fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a) Level 1 captures the Company's cash and commodity futures.
b) Level 2 captures the Company's foreign exchange forward contracts, derivative financial liabilities, borrowings embedded option, construction loans, credit facilities, and other liabilities.
c) The Company does not have level 3 financial instruments.

Financial instruments that are measured at fair value are categorized as follows. During the year ended December 31, 2023, there were no transfers between level 1 and 2 instruments.

	December 31, 2023	Level 1	Level 2	Level 3
Financial assets				
Cash and cash equivalents	$ 11,091	$ 11,091	$ -	$ -
Derivative assets	2,142	1,273	869	-
	$ 13,233	$ 12,364	$ 869	$ -
Financial liabilities				
Derivative liabilities	$ 470	$ -	$ 470	$ -
Borrowings embedded option	1,353	-	1,353	-
Other liabilities	1,205	-	1,205	-
	$ 3,028	$ -	$ 3,028	$ -

(Tabular amounts are in thousands of Canadian dollars, except share and per share amounts)

	December 31, 2022	Level 1	Level 2	Level 3
Financial assets				
Cash	$ 3,761	$ 3,761	$ -	$ -
Derivative assets	3,580	3,289	291	-
	$ 7,341	$ 7,050	$ 291	$ -
Financial liabilities				
Derivative liabilities	$ 1,126	$ -	$ 1,126	$ -
Borrowings embedded option	1,429	-	1,429	-
Other liabilities	762	-	762	-
	$ 3,317	$ -	$ 3,317	$ -

26. COMMITMENTS AND CONTINGENCIES

In addition to lease liabilities, the Company has the following commitments:

The Company has provided a standby letter of credit in the amount of $0.5 million as security for a construction bond. This commitment restricts the available borrowing base draws as highlighted in Note 13, 'Credit Facility – Borrowing base'.

The Company also has, in the normal course of business, entered into various contracts. As at December 31, 2023, these contracts related to the purchase of green coffee in the amount of $44.9 million (2022: $34.6 million), and equipment purchase commitments in the amount of nil (2022: $5.1 million). Of these contracts, $44.9 million will become payable within twelve months from December 31, 2023.

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business. It does not believe that adverse decisions in any pending or threatened proceedings, or any amount it may be required to pay by reason thereof, will have a material adverse effect on the financial condition or future results of operations of the Company.

27. COMPARATIVE FIGURES

Certain comparative figures have been presented together to conform with the presentation used in the current period.