SWISS WATER DECAFFEINATED COFFEE INC.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(unaudited)

For the Three and Six Months Ended June 30, 2025 and 2024

SWISS WATER DECAFFEINATED COFFEE INC.

Condensed Consolidated Interim Statements of Financial Position as at

(Tabular amounts are in thousands of Canadian dollars)
(Unaudited)

	Note	June 30, 2025	December 31, 2024
Assets			
Current assets			
Cash	4	$ 4,789	$ 8,514
Accounts receivable	5	31,327	23,332
Inventories	6	43,326	44,494
Prepaid expenses and other receivables		865	753
Derivative assets and hedged firm commitments	7, 20	5,594	10,236
Total current assets		85,901	87,329
Non-current assets			
Deposits and other receivables		146	157
Property, plant and equipment	8	126,524	129,323
Deferred tax assets		112	109
Derivative assets	7, 20	110	-
Total non-current assets		126,892	129,589
Total assets		$ 212,793	$ 216,918
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	9	$ 18,930	$ 29,044
Borrowings	10	12,191	47,316
Borrowings embedded option	10.2	675	-
Other liabilities		1,259	1,289
Lease liabilities	11	1,856	1,781
Derivative liabilities and hedged firm commitments	7, 20	1,902	3,941
Total current liabilities		36,813	83,371
Non-current liabilities			
Other liabilities		183	186
Borrowings	10	95,120	51,225
Borrowings embedded option	10.2	-	2,332
Lease liabilities	11	14,012	14,948
Asset retirement obligation	12	3,557	3,587
Deferred tax liabilities		5,695	5,177
Derivative liabilities	7, 20	28	1,225
Total non-current liabilities		118,595	78,680
Total liabilities		155,408	162,051
Shareholders' equity			
Share capital	13	$ 45,259	$ 45,189
Share-based compensation reserve		201	190
Accumulated other comprehensive income (loss)		9	(2,287)
Retained earnings		11,916	11,775
Total equity		57,385	54,867
Total liabilities and shareholders' equity		$ 212,793	$ 216,918

Commitments and contingencies (Note 21)
Subsequent event (Note 22)
Approved on behalf of the Board: (signed) "***Alan Wallace***", Director (signed) "***Frank Dennis***", Director

Condensed Consolidated Interim Statements of Income (Loss)

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

	Note	3 months ended June 30, 2025	3 months ended June 30, 2024	6 months ended June 30, 2025	6 months ended June 30, 2024
Revenue	14, 18	$ 67,695	$ 43,372	$ 129,967	$ 82,102
Cost of sales		(62,447)	(35,707)	(117,432)	(69,322)
Gross profit		5,248	7,665	12,535	12,780
Operating expenses					
Administration expenses		(2,962)	(2,947)	(5,397)	(5,784)
Sales and marketing expenses		(902)	(970)	(1,856)	(1,884)
Total operating expenses		(3,864)	(3,917)	(7,253)	(7,668)
Operating income		1,384	3,748	5,282	5,112
Non-operating or other					
Loss on risk management activities		(1,101)	(519)	(3,940)	(668)
Gain (loss) on fair value of embedded option	10.2	546	83	1,657	(808)
Finance income		362	446	740	906
Finance expense		(1,702)	(2,293)	(3,420)	(4,581)
Gain (loss) on foreign exchange		(110)	206	(269)	586
Total non-operating or other		(2,005)	(2,077)	(5,232)	(4,565)
Income (loss) before tax		(621)	1,671	50	547
Income tax recovery (expense)		247	(724)	91	(500)
Net income (loss)		$ (374)	$ 947	$ 141	$ 47
Earnings per share					
Basic income (loss)per share	17	$ (0.04)	$ 0.10	$ 0.01	$ 0.01
Diluted income (loss)per share	17	$ (0.10)	$ 0.07	$ (0.16)	$ 0.01

Condensed Consolidated Interim Statements Of Comprehensive Income (Loss) and Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

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

(Unaudited)

Condensed Consolidated Interim Statements Of Comprehensive Income (Loss)

	3 months ended June 30, 2025	3 months ended June 30, 2024	6 months ended June 30, 2025	6 months ended June 30, 2024
Net income (loss)	$ (374)	$ 947	$ 141	$ 47
Other comprehensive income (loss) 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	2,518	(520)	2,314	(1,900)
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	336	299	872	470
Other comprehensive income (loss) related to hedging activities	2,854	(221)	3,186	(1,430)
Tax recovery (expense) on other comprehensive income (loss) related to hedging activities	(770)	60	(860)	386
Cumulative translation adjustment	(37)	(39)	(30)	(13)
Other comprehensive income (loss) net of tax	2,047	(200)	2,296	(1,057)
Net income (loss) and other comprehensive income (loss)	$ 1,673	$ 747	$ 2,437	$ (1,010)

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

	Note	Share capital Shares	Share capital Amount	Share-based compensation reserve	Accumulated other comprehensive income (loss)	Retained earnings	Total equity
Balance at December 31, 2023		**9,212,955**	**$ 44,318**	**$ 586**	**$ 449**	**$ 10,506**	**$ 55,859**
Shares issued for restricted share units		304,597	871	(871)	-	-	-
Share-based compensation		-	-	374	-	-	374
Net income and other comprehensive loss		-	-	-	(1,057)	47	(1,010)
Balance at June 30, 2024		**9,517,552**	**$ 45,189**	**$ 89**	**$ (608)**	**$ 10,553**	**$ 55,223**
Balance at December 31, 2024		**9,517,552**	**$ 45,189**	**$ 190**	**$ (2,287)**	**$ 11,775**	**$ 54,867**
Shares issued for restricted share units	13.4	27,000	70	(70)	-	-	-
Share-based compensation		-	-	81	-	-	81
Net income and other comprehensive income		-	-	-	2,296	141	2,437
Balance at June 30, 2025	13.1	**9,544,552**	**$ 45,259**	**$ 201**	**$ 9**	**$ 11,916**	**$ 57,385**

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

Condensed Consolidated Interim Statements of Cash Flows For the

(Tabular amounts are in thousands of Canadian dollars)
(Unaudited)

	Note	3 months ended June 30, 2025	3 months ended June 30, 2024	6 months ended June 30, 2025	6 months ended June 30, 2024
Operating activities					
Net income (loss)		$ (374)	$ 947	$ 141	$ 47
Items not affecting cash:					
Depreciation and amortization		1,850	1,679	3,628	3,395
Share-based compensation expense		275	189	67	724
Unrealized loss (gain) on risk management activities		54	26	71	(12)
Unrealized loss (gain) on fair value of embedded option	10.2	(546)	(83)	(1,657)	808
Finance income		(362)	(446)	(740)	(906)
Finance expense		1,702	2,293	3,420	4,581
Income tax expense (recovery)		(247)	724	(91)	500
Other		(45)	(193)	54	(669)
		2,307	5,136	4,893	8,468
Change in non-cash working capital relating to operating activities	19	160	1,183	(13,063)	5,893
Net cash (used in) generated from operations		**2,467**	**6,319**	**(8,170)**	**14,361**
Interest received		543	543	784	936
Interest paid	19	(967)	(1,441)	(1,990)	(2,854)
Income tax paid		(57)	-	(57)	-
Net cash (used in) generated from operating activities		**1,986**	**5,421**	**(9,433)**	**12,443**
Investing activities					
Additions to plant and equipment	19	(404)	(221)	(833)	(572)
Net cash used in investing activities		**(404)**	**(221)**	**(833)**	**(572)**
Financing activities					
Payment of lease liabilities		(433)	(417)	(861)	(830)
Repayment of construction loan	10.1	(1,345)	-	(2,673)	-
Proceeds from credit facility	10.3	1,000	-	11,075	-
Repayments of credit facility	10.3	(1,000)	-	(1,000)	(3,750)
Net cash (used in) generated from financing activities		**(1,778)**	**(417)**	**6,541**	**(4,580)**
(Decrease) increase in cash and cash equivalents		(196)	4,783	(3,725)	7,291
Cash and cash equivalents, beginning of the period		4,985	13,599	8,514	11,091
Cash and cash equivalents, end of the period		$ 4,789	$ 18,382	$ 4,789	$ 18,382

Supplemental cash flow information (Note 19)

1. THE COMPANY AND ITS OPERATIONS

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

The Company's condensed consolidated interim financial statements for the three and six months ended June 30, 2025, have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in the annual consolidated financial statements prepared in accordance with IFRS® Accounting Standards ("IFRS") as issued by the IASB have been condensed or omitted. These condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2024.

These condensed consolidated interim financial statements for the three and six months ended June 30, 2025, were approved for issuance by the Company's Directors on August 5, 2025. There were no significant non-adjusting events that occurred between the reporting date and the date of authorization, except as disclosed in Note 22.

2.1 Currency of presentation

These condensed consolidated interim 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 the United States dollars.

2.2 Basis of consolidation

These condensed consolidated interim 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.

2.3 Material accounting policies

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2024.

2.4 New and amended standards

The following amendments to accounting standards became effective for annual periods beginning on or after January 1, 2025. The adoption of these revised standards by the Company did not have a material impact on its condensed consolidated interim financial statements.

- *IFRS 16 Leases* has amended guidance over accounting for lease liability in a sale and leaseback transaction.
- *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.
- *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.
- *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. The amendments' effective date is January 1, 2025, early adoption is permitted.

2.5 New and amended standards not yet effective

These standards are effective for periods beginning after January 1, 2025, and the Company does not anticipate a material impact on its financial statements:

- *IFRS 7 Financial instruments disclosure*, in *tandem with IFRS 9 Financial instruments,* provides amendments to the classification and measurements of financial instruments, gains and loss on derecognition of financial instruments (including derecognition of lease liabilities and transaction price). The standards also clarify the dates of the initial recognition and derecognition of financial assets, and they clarify the initial measurement of financial instruments when the fair value at initial recognition differs from the transaction price. IFRS 7 further provides guidance on implementing disclosure of deferred differences between fair value and transaction price and credit risk disclosure. In addition, these standards address contracts that reference nature-dependent electricity. The effective date for these amendments is for annual reporting periods beginning on or after January 1, 2026, however, earlier application is permitted.

- *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. The standards also clarify the determination of a 'De Facto Agent' when assessing control and provide other annual improvements to the standard. IAS 28 amended equity method procedures. The amendments' effective date is January 1, 2026, early adoption is permitted.
- *IAS 7 Statement of cash flows* amended paragraph 37 to clarify investments in subsidiaries, associates, and joint ventures. Amendments are applicable for annual *reporting* periods beginning on or after January 1, 2026. Earlier application is permitted.
- *IFRS 18 Presentation and disclosure in the financial statements,* is a new standard issued by IASB in April 2024. The new Standard is applicable for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted.
- *IFRS 19 Subsidiaries without public accountability: disclosures* is a new standard issued by IASB in May 2024. The new Standard is applicable for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted.

3. 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, issue 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 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.

4. CASH

Cash includes cash held with banks and financial institutions.

5. 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 in both frequency and amount of losses are not significant. As a result, the expected credit losses provision as at June 30, 2025 is $0.3 million (December 31, 2024: $0.2 million).

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

6. INVENTORIES

During the three and six months ended June 30, 2025, the cost of inventories recognized in the cost of sales was $57.7 million and $106.9 million (2024: $34.6 million and $67.2 million). The hedge accounting component represents the derivative adjustment related to designated hedges for inventory on hand as at each reporting period. As at June 30, 2025, the inventory provision was $0.1 million (December 31, 2024: $0.1 million).

Inventories consist of the following:

	June 30, 2025	December 31, 2024
Raw materials	$ 26,774	$ 14,227
Finished goods	18,703	21,380
Carbon	423	439
Packaging	503	549
Hedge accounting component	(3,077)	7,899
	$ 43,326	$ 44,494

7. DERIVATIVE ASSETS AND LIABILITIES

The Company's derivative assets and (liabilities) are as follows:

		June 30, 2025	December 31, 2024
Derivative assets and hedged firm commitments, current		$ 5,594	$ 10,236
Derivative assets, non-current		110	-
Derivative liabilities and hedged firm commitments, current		(1,902)	(3,941)
Derivative liabilities, non-current		(28)	(1,225)
Borrowings embedded option	Note 10.2	(675)	(2,332)
		$ 3,099	$ 2,738

These derivative assets and liabilities are disaggregated between: derivative financial instruments, carried at fair value through profit or loss ("FVPL"); derivative financial instruments, carried at fair value through other comprehensive income ("FVOCI"); and other hedged items.

7.1 Derivative financial instruments carried at FVPL

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

		June 30, 2025	December 31, 2024
Net coffee futures contracts		$ 2,548	$ 4,508
Net US dollar forward contracts, current		(375)	290
Borrowings embedded option	Note 10.2	(675)	(2,332)
		$ 1,498	$ 2,466

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

7.2 Derivative financial instruments carried at FVOCI

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

	June 30, 2025	December 31, 2024
Net US dollar forward contracts, current	$ (99)	$ (1,983)
Net US dollar forward contracts, long-term	82	(1,225)
	$ (17)	$ (3,208)

7.3 Other hedged items

The other hedged items consist of hedges related to coffee purchase commitments and hedges on coffee sales commitments:

	June 30, 2025	December 31, 2024
Hedged firm commitments on coffee purchases, current	$ (1,340)	$ 5,434
Hedged firm commitments on coffee sales, current	2,958	(1,954)
	$ 1,618	$ 3,480

8. PROPERTY, PLANT AND EQUIPMENT

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

	June 30, 2025	December 31, 2024
Property, plant and equipment	$ 113,616	$ 115,512
Right-of-use assets	12,908	13,811
	$ 126,524	$ 129,323

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

8.1 Property, plant and equipment

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

	Machinery and equipment	Building	Leasehold improvement	Computer equipment	Furniture and fixtures	Construction in progress	Total
Cost							
January 1, 2025	$ 109,138	$ 18,159	$ 6,879	$ 732	$ 178	$ 193	$ 135,279
Additions	-	-	-	4	2	761	767
ARO remeasurement	-	-	(91)	-	-	-	(91)
Transfers	472	-	17	28	-	(517)	-
June 30, 2025	$ 109,610	$ 18,159	$ 6,805	$ 764	$ 180	$ 437	$ 135,955
Accumulated depreciation							
January 1, 2025	$ (14,298)	$ (3,806)	$ (1,023)	$ (499)	$ (141)	$ -	$ (19,767)
Depreciation	(1,770)	(526)	(222)	(45)	(9)	-	(2,572)
June 30, 2025	$ (16,068)	$ (4,332)	$ (1,245)	$ (544)	$ (150)	$ -	$ (22,339)
June 30, 2025	$ 93,542	$ 13,827	$ 5,560	$ 220	$ 30	$ 437	$ 113,616

	Machinery and equipment	Building	Leasehold improvement	Computer equipment	Furniture and fixtures	Construction in progress	Total
Cost							
January 1, 2024	$ 108,311	$ 18,159	$ 7,235	$ 677	$ 171	$ 80	$ 134,633
Additions	96	-	-	-	-	906	1,002
ARO remeasurement	-	-	(356)	-	-	-	(356)
Transfers	731	-	-	55	7	(793)	-
December 31, 2024	$ 109,138	$ 18,159	$ 6,879	$ 732	$ 178	$ 193	$ 135,279
Accumulated depreciation							
January 1, 2024	$ (10,735)	$ (2,699)	$ (575)	$ (392)	$ (116)	$ -	$ (14,517)
Depreciation	(3,563)	(1,107)	(448)	(107)	(25)	-	(5,250)
December 31, 2024	$ (14,298)	$ (3,806)	$ (1,023)	$ (499)	$ (141)	$ -	$ (19,767)
December 31, 2024	$ 94,840	$ 14,353	$ 5,856	$ 233	$ 37	$ 193	$ 115,512

For the three and six months ended June 30, 2025, the total depreciation expense related to property, plant and equipment was $1.3 million and $2.6 million respectively (2024: $1.3 million and $2.6 million), of which, $1.2 million and $2.5 million was depreciation charged to cost of sales (2024: $1.2 million and $2.5 million), while $0.1 million and $0.1 million of depreciation charges were included in administrative expenses (2024: $0.1 million and $0.1 million). From the expensed depreciation, during the three and six months ended June 30, 2025, a total of $0.1 million and $0.2 million was allocated from inventory to cost of sales (2024: $0.1 million and $0.2 million from cost of sales to inventory).

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

8.2 Right-of-use assets

For the three and six months ended June 30, 2025, the total depreciation expense related to the right-of-use assets was $0.5 million and $0.9 million respectively (2024: $0.5 million and $0.9 million), of which $0.4 million and $0.8 million was charged to cost of sales (2024: $0.4 million and $0.8 million) and $0.1 million and $0.1 million was included in administrative expense (2024: $0.1 million and $0.1 million).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

		June 30, 2025		December 31, 2024
Accounts payable	$	15,414	$	24,838
Accrued liabilities		3,265		4,152
Income tax payable		251		54
	$	18,930	$	29,044

10. BORROWINGS

As at and during the three and six months ended June 30, 2025, the Company was in compliance with all banks' and creditor's covenants.

The Company's borrowings are as follows:

			June 30, 2025		December 31, 2024
Construction loans with BDC and FCC	Note 10.1	$	54,163	$	56,839
Credit facility	Note 10.3		46,640		35,398
Borrowings with EDC	Note 10.4		6,508		6,304
Borrowings, total		$	107,311	$	98,541
Less current portion					
Construction loans with BDC and FCC	Note 10.1		(5,683)		(5,614)
Borrowings with EDC	Note 10.4		(6,508)		(6,304)
Credit facility	Note 10.3		-		(35,398)
Borrowings, current		$	(12,191)	$	(47,316)
Borrowings, non-current		$	95,120	$	51,225

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

10.1 Construction loans with BDC and FCC

As at June 30, 2025 and December 31, 2024, the construction loans' balances due to BDC and FCC are as follows:

	June 30, 2025	December 31, 2024
Current portion		
Construction loans interest, current	$ 221	$ 250
Construction loan with BDC, current, fixed 4.45%	2,368	2,369
Construction loan with FCC, current, variable 5.59% (2024: 7.22%)	1,574	1,494
Construction loan with FCC, current, fixed 4.38%	888	869
Construction loan with BDC, current, variable 5.79% (2024: 7.36%)	632	632
	$ 5,683	$ 5,614
Long term portion		
Construction loan with BDC, non-current, fixed 4.45%	18,947	20,131
Construction loan with FCC, non-current, variable 5.59% (2024: 7.22%)	16,183	17,006
Construction loan with FCC, non-current, fixed 4.38%	8,682	9,131
Construction loan with BDC, non-current, variable 5.79% (2024: 7.36%)	5,052	5,368
Financing transaction costs	(384)	(411)
	$ 54,163	$ 56,839

10.1 (i) BDC/FCC – Agreements and transaction costs

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.

In 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 was to be paid on the outstanding balances monthly prior to July 1, 2024, for both the BDC Amended Term Loan and the FCC Term Loan. Monthly principal repayments for both loans were to commence on July 1, 2024 and were to continue until both loans mature on June 1, 2034. Effective June 2024, pursuant to an amendment, interest-only payments continued until December 31, 2024. Monthly installments covering both principal and interest will begin on January 1, 2025. The loans will be repaid in monthly installments until their maturity on June 1, 2034. An early repayment of the principal remains an option, subject to certain conditions. The change in the agreement terms is treated as modification accounting under IFRS 9. There was no gain or loss recognized related to this change in the agreement terms.

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

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%.

The Company incurred deferred financing costs associated with the above loans. These costs are recorded in non-current borrowings and amortized until the loan maturity date. As at June 30, 2025, deferred financing costs were $0.4 million (December 31, 2024: $0.4 million).

10.1 (ii) BDC/FCC – Borrowing capacity

In 2022, the Company's borrowing capacity with BDC and FCC increased from $45.0 million to $57.0 million with the purpose of funding the construction of the second production line, in Delta, BC. The construction loans were fully utilized, at their capacity of $57.0 million, upon completion of the project in September 2023.

10.1 (iii) BDC/FCC – Finance expense and interest paid

For both lenders, interest is based on the outstanding loan balance and is paid monthly. For the six months ended June 30, 2025, the BDC and FCC variable rate loan effective interest rates were 5.79% and 5.59% respectively (2024: 7.82% and 7.64%). The finance costs and the effective interest rates are based on the average balance drawn on each loan.

For the three and six months ended June 30, 2025 and 2024 loan repayments, interest charged, and interest paid were as follows:

	3 months ended June 30, 2025	3 months ended June 30, 2024	6 months ended June 30, 2025	6 months ended June 30, 2024
Balance, open	$ 55,499	$ 56,832	$ 56,839	$ 56,824
Principal repayments	(1,345)	-	(2,673)	-
Interest and fees charged	673	802	1,363	1,656
Interest paid	(677)	(817)	(1,392)	(1,677)
Amortized financing costs	13	11	26	25
Balance, end	$ 54,163	$ 56,828	$ 54,163	$ 56,828

10.1 (iv) 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.

10.2 Debenture with warrants with MRC

The debenture with warrants consisted of the principal amount due to Mill Road Capital II, L.P. ("MRC"), a related party, and accrued interest, net of an unamortized bond discount. The debenture with warrants was repaid in full on October 31, 2024, where the total repayment of $15.9 million consisted of $15.0 million of principal and $0.9 million of accrued interest. Following this payment, all obligations, duties and responsibilities of the parties to the debenture were terminated. The maturity of the debenture did not affect the obligations of the Company or the rights of MRC under their existing warrant agreement. As at June 30, 2025 and December 31, 2024, there were no balances owing on the debenture. The finance expense and interest paid for the three and six months ended June 30, 2025 and 2024, are noted below.

10.2 (i) MRC – Agreements and transaction costs

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 costs in the amount 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 a financing transaction cost of $0.2 million associated with the amendment in 2021.

In 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, remained the same. Also, the interest on the debenture remained 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 shares and per share amounts)

In 2024, the debenture agreement with MRC was fully repaid. However, the warrant agreement with MRC remained outstanding as of June 30, 2025, as disclosed in Note 13.3 Warrants. These warrants were purchased from MRC subsequent to period end, as outlined in Note 22 Subsequent Event.

10.2 (ii) MRC – Finance expense and interest paid

The debenture with warrants interest rate was 9% per annum, paid quarterly in arrears. The 9% was subject to reaching a specific covenant threshold, in excess of this, the interest rate would have increased to 12.5 % per annum. The Company also incurred an additional 1.5% interest in kind, which accrued quarterly and was due at the maturity date.

For the three and six months ended June 30, 2025 and 2024 interest expensed and paid, and principal, on debt due to MRC was as follows:

	3 months ended June 30, 2025	3 months ended June 30, 2024	6 months ended June 30, 2025	6 months ended June 30, 2024
Balance, open	$ -	$ 14,951	$ -	$ 14,631
Interest charged	-	682	-	1,350
Interest paid	-	(350)	-	(698)
Balance, end	$ -	$ 15,283	$ -	$ 15,283

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

Since 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.

The embedded option is classified as a financial liability and is revalued at each reporting date. As at June 30, 2025, the Company changed its valuation technique for determining the fair value of the embedded option. As at December 31, 2024, the fair value was based on the Black-Scholes Option Pricing Model, which incorporated a number of assumptions and estimates. However, as at June 30, 2025, the fair value was determined based on the actual consideration agreed upon and paid in connection with the extinguishment of the embedded option. The change in valuation technique reflects the Company's assessment that the use of actual consideration provides a more reliable and observable basis for valuation than the previous model-based approach, which relied on significant estimation.

As at June 30, 2025, the Company determined the fair value of the embedded option to be $0.7 million based on the fair value of the consideration paid to purchase the warrants from MRC, as disclosed in Note 22 Subsequent Event (December 31, 2024: $2.3 million). For the three and six months ended June 30, 2025, this revaluation resulted in a gain of $0.5 million and $1.7 million (2024: gain of $0.1 million and a loss of $0.8 million).

As at December 31, 2024, 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.

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

The fair value of the embedded option and inputs to the Black-Scholes option pricing model are as follows:

	June 30, 2025	December 31, 2024
Share price	N/A	$ 3.92
Exercise price	N/A	$ 3.33
Option life	N/A	1.33 years
Volatility	N/A	38%
Risk-free interest rate	N/A	2.92%
Dividend yield	N/A	0.00%
Fair value of embedded option	$ 675	$ 2,332

10.2 (iv) MRC – Security

In 2022, the debenture with warrants was 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. Following the repayment on October 31, 2024, all obligations, duties and responsibilities of the parties to the debenture were terminated.

10.3 Operating Credit Facility

As at June 30, 2025 and December 31, 2024, the Operating Credit Facility comprises:

	June 30, 2025	December 31, 2024
Credit facility, effective interest rate 5.37% (2024: 6.9%)	$ 46,806	$ 35,407
Less unamortized financing transaction costs	(166)	(9)
	$ 46,640	$ 35,398

10.3 (i) Credit Facility – Agreements and financing transaction costs

In 2019, Swiss Water entered into a revolving credit facility agreement ("Credit Facility" or "Operating Credit Facility"), with a Canadian Bank, for borrowings up to the lower of the Borrowing Base (defined below) and $30.0 million. To support growth, in 2022, the available credit was increased from $30.0 million to $45.0 million. 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.

On June 23, 2025, Swiss Water amended and renewed its Credit Facility, increasing the total available funding by $35.0 million, from $45.0 million to a maximum of $80.0 million, with the purpose to support ongoing operations and growth. The expanded facility includes an additional $10.0 million in revolving credit from a Canadian bank and $25.0 million in new revolving credit from Rabobank ("Rabo"). Repayment of any outstanding amounts is not required before maturity, provided the borrowings remain within the defined Borrowing Base.

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

The Credit Facility is set to mature on the earlier of June 23, 2027, or upon the occurrence of a default event. There is also an option, subject to lender approval, to extend the maturity date by one year to June 23, 2028.

For the three and six months ended June 30, 2025, the Company incurred deferred financing costs of $0.2 million related to the amended Credit Facility. These costs have been recorded under non-current borrowings and will be amortized over the remaining term of the facility. As of June 30, 2025, the balance of deferred financing costs was $0.2 million (compared to $0.01 million as at December 31, 2024, which related to the 2022 renewal).

10.3 (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, Secured Overnight Financing Rate (“SOFR Rate”), Canadian Overnight Repo Rate Average (“CORRA”), 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. For the six months ended June 30, 2025, the Credit Facility variable rate loan effective interest rate was 5.37% (2024: 7.43%).

For the three and six months ended June 30, 2025 and 2024 loan advances, repayments, and fees and interest charged were as follows:

	3 months ended June 30, 2025	3 months ended June 30, 2024	6 months ended June 30, 2025	6 months ended June 30, 2024
Balance, open	$ 46,044	$ 23,496	$ 35,398	$ 26,728
Principal advances	1,000	-	11,075	-
Principal repayments	(1,000)	-	(1,000)	(3,750)
Interest and fees charged	722	461	1,324	960
Financing costs addition	(136)	-	(177)	-
Financing costs amortization	10	33	20	52
Balance, end	$ 46,640	$ 23,990	$ 46,640	$ 23,990

10.3 (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.

10.3 (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.

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

As at June 30, 2025 and December 31, 2024, the Company's borrowing availability was as follows:

	June 30, 2025	December 31, 2024
Gross borrowing base availability	$ 50,229	$ 39,619
Advances, repayments, fees and interest from inception	(46,806)	(35,407)
Outstanding letter of credit and security lien bond	(537)	(537)
Interests and fees accrued	(13)	163
	$ 2,873	$ 3,838

10.3 (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.

10.4 Credit Facility with EDC ("EDC Credit")

As at June 30, 2025, $6.3 million was drawn on the EDC Credit and the Company accrued interest of $0.2 million (December 31, 2024: $6.3 million).

10.4 (i) EDC Credit — Agreements

In 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. The EDC Credit facility will terminate on the earliest of: (i) demand by the lender of the Credit Facility for repayment, (ii) the third anniversary of the effective date of November 22, 2025, 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.

On June 23, 2025, as part of the amended and renewed Credit Facility with a Canadian Bank, as disclosed in Note 10.3, the Company is required to maintain maximum principal amounts on a quarterly basis and full repayment by September 30, 2028.

10.4 (ii) EDC Credit — Finance expense and interest paid

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. For the six months ended June 30, 2025, the EDC Credit variable rate loan effective interest rate was 6.44% (2024: not applicable).

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

For the six months ended June 30, 2025 and 2024 loan advances, repayments, and fees and interest charged were as follows:

	3 months ended June 30, 2025	3 months ended June 30, 2024	6 months ended June 30, 2025	6 months ended June 30, 2024
Balance, open	$ 6,408	$ -	$ 6,304	$ -
Interest and fees charged	100	-	204	-
Balance, end	$ 6,508	$ -	$ 6,508	$ -

10.5 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 July 31, 2025. This guarantee provides additional borrowing capacity within the abovementioned Credit Facility with a Canadian Bank.

11. LEASE LIABILITIES

11.1 Lease liabilities

Lease liabilities are as follows:

	June 30, 2025	December 31, 2024
Lease liabilities, current	$ 1,856	$ 1,781
Lease liabilities, non-current	14,012	14,948
	$ 15,868	$ 16,729

11.2 Lease finance expense and lease payments

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 condensed consolidated interim statement of cash flows.

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

For the three and six months ended June 30, 2025 and 2024, the amounts recognized in the condensed consolidated interim statement of income (loss) and condensed consolidated interim statement of cash flows are as follows. Lease cash payments reflect cash paid for principal of lease liabilities and related interest.

	3 months ended June 30, 2025	3 months ended June 30, 2024	6 months ended June 30, 2025	6 months ended June 30, 2024
Balance, open	$ 16,301	$ 17,981	$ 16,729	$ 18,393
Finance expense	201	210	407	438
Lease cash payments	(636)	(639)	(1,273)	(1,279)
Foreign exchange	2	-	5	-
Balance, end	$ 15,868	$ 17,552	$ 15,868	$ 17,552

12. ASSET RETIREMENT OBLIGATION ("ARO")

The Company estimates that the total undiscounted amount of cash flows required to settle its ARO is approximately $5.6 million, all of which is allocated to the Delta location. As at June 30, 2025, the Company recorded a total of $3.6 million (December 31, 2024: $3.6 million), reflecting the present value of the ARO using a risk free rate of 3.41% (December 31, 2024: 3.35%). ARO transactions were as follows:

	June 30, 2025	December 31, 2024
Balance, open	$ 3,587	$ 3,839
Remeasurement recognized in property, plant and equipment	(91)	(356)
Accretion	61	104
Balance, end	$ 3,557	$ 3,587

13. SHARE CAPITAL

13.1 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 June 30, 2025, there were 9,544,552 common shares issued and outstanding (December 31, 2024: 9,517,552).

13.2 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 June 30, 2025, there were nil preferred shares issued and outstanding (December 31, 2024: nil).

13.3 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.

In 2022, the 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 10.2 for further details.

As at June 30, 2025, these 2.25 million warrants were issued and outstanding. As disclosed in Note 22 Subsequent Event, the Company completed an agreement to purchase the warrants from MRC subsequent to period end, and the outstanding warrants were cancelled.

13.4 Equity-based restricted share units (“E-RSUs”)

The Company has an E-RSU Plan that allows it to grant Equity-based RSUs to officers, employees, and consultants of Swiss Water or its subsidiaries. The E-RSU Plan is administered by the Board of Directors, which sets the terms of incentive awards under the E-RSU Plan. On May 9, 2022, Swiss Water shareholders approved an increase in the number of common shares available for issuance under the E-RSU Plan. The increase was from a maximum of 815,509 common shares to a maximum of 1,115,509 common shares. All E-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 E-RSU is convertible 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. The awards that are settled in cash are recorded as a liability and the fair value of the liability is remeasured at every reporting period with any change in fair value recognized in the net income (loss). Any E-RSUs paid in cash are returned to the pool and may be re-issued, subject to the maximum number of common shares available under the E-RSU Plan.

Periodically, the Company grants E-RSUs, some of which are performance E-RSUs, and others are non-performance E-RSUs. Both non-performance and performance E-RSUs vest over time on the third anniversary of their grant. Performance based E-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. The Company values the E-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 (such as vestment date or reporting period end date), calculated by dividing the total value by the total volume of common shares traded, according to the E-RSU plan.

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

The movement in E-RSUs was as follows:

	Number of E-RSUs		Volume based weighted average share price	Average remaining vesting period in years	Performance based
Balance at January 1, 2024	**716,900**	**$**	**2.19**	**0.54**	
E-RSUs granted	149,277	$	3.43	2.24	No
E-RSUs granted - performance	59,777	$	3.43	2.24	Yes
E-RSUs cash-settled	(47,000)	$	3.53	-	No
E-RSUs cash-settled - performance	(108,578)	$	2.95	-	Yes
E-RSUs equity-settled	(57,000)	$	3.05	-	No
E-RSUs equity-settled - performance	(247,597)	$	2.88	-	Yes
E-RSUs forfeited	(3,500)	$	2.68	-	No
E-RSUs forfeited - performance	(118,725)	$	2.88	-	Yes
Balance at December 31, 2024	**343,554**	**$**	**3.30**	**1.65**	
Balance at January 1, 2025	**343,554**	**$**	**3.30**	**1.65**	
E-RSUs granted	61,857	$	3.30	2.76	No
E-RSUs granted - performance	25,457	$	3.30	2.76	Yes
E-RSUs cash-settled	(25,000)	$	3.44	-	No
E-RSUs equity-settled	(27,000)	$	2.58	-	No
Balance at June 30, 2025	**378,868**	**$**	**3.07**	**1.73**	

13.5 Cash-based restricted share units ("C-RSUs")

C-RSUs accounting policy

During the three and six month period ended June 30, 2025 Swiss Water established a cash-based restricted share unit plan for certain employees of the Company. Its purpose is to align employee incentives with that of the Company's Shareholders. The C-RSUs granted are expected to be settled using cash. No common shares will be issued.

For C-RSUs, 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 net income (loss) on a straight-line basis over the vesting period, based on the estimate of the number of C-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 C-RSUs expected to vest differs from previous estimates. On the vesting date, the Company revises the estimate to equal the number of C-RSUs that are ultimately vested and are settled in cash.

The impact of the revision of estimates, if any, is recognized in the net income (loss) such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the long-term liability or current liability depending 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 the net income (loss).

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

C-RSUs transactions

Periodically, the Company grants C-RSUs, some of which are performance C-RSUs, and others are non-performance C-RSUs. Both non-performance and performance C-RSUs vest over time on the third anniversary of their grant. Performance based C-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 number of C-RSUs outstanding under the award at the dividend payment date multiplied by the number determined by dividing the dividend amount per common share by the market price as at the dividend payment date. The Company values the C-RSUs using 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 C-RSU plan.

The movement in C-RSUs was as follows:

	Number of C-RSUs		Volume based weighted average share price	Average remaining vesting period in years	Performance based
Balance at January 1, 2025	**-**	**$**	**-**	**-**	
C-RSUs granted	92,786	$	3.30	2.76	No
C-RSUs granted - performance	38,186	$	3.30	2.76	Yes
Balance at June 30, 2025	**130,972**	**$**	**3.27**	**2.76**	

13.6 Deferred share units ("DSUs")

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.

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

The movement in DSUs was as follows:

	Number of DSUs		Weighted average share price	Performance based
Balance at January 1, 2024	**234,661**	**$**	**2.78**	
DSUs issued	72,048	$	3.29	No
Balance at December 31, 2024	**306,709**	**$**	**3.91**	
Balance at January 1, 2025	**306,709**	**$**	**3.91**	
DSUs issued	37,758	$	3.29	No
DSUs redeemed	(18,473)	$	3.30	No
Balance at June 30, 2025	**325,994**	**$**	**3.29**	

14. REVENUE

The following are disaggregation of revenue and contract balances related to contracts with customers. Related credit risk and customer concentration are discussed in the note on 'Financial risk management', under 'Credit risk'.

14.1 Disaggregation of revenue

Revenue disaggregated by geographical markets is disclosed in Note 18, under Segment Reporting. The Company also disaggregates revenue by major products and services: decaffeinated coffee sales, decaffeination services, and distribution services with the following results for the three and six months ended June 30, 2025 and 2024 as follows:

	3 months ended June 30, 2025	3 months ended June 30, 2024	6 months ended June 30, 2025	6 months ended June 30, 2024
Decaffeinated coffee sales	$ 60,847	$ 37,981	$ 118,223	$ 71,830
Decaffeination services	1,911	2,509	3,729	4,735
Distribution services	4,937	2,882	8,015	5,537
	$ 67,695	$ 43,372	$ 129,967	$ 82,102

14.2 Contract balances

As at June 30, 2025, the accounts receivable balance of $31.3 million (December 31, 2024: $23.3 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 the accounts receivable balance as at June 30, 2025, was $0.3 million (December 31, 2024: $0.2 million).

As at June 30, 2025, no deferred revenue, related to cash received in advance of deliveries, was included in accrued liabilities (December 31, 2024: $0.4 million). During both periods ended June 30, 2025 and December

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

31, 2024, 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.

15. EMPLOYEE BENEFITS EXPENSES

Expenses recognized for employee benefits are as follows:

	3 months ended June 30, 2025	3 months ended June 30, 2024	6 months ended June 30, 2025	6 months ended June 30, 2024
Short-term benefits	$ 3,503	$ 3,219	$ 7,001	$ 6,481
Long-term benefits	275	189	67	724
Post-employment benefits	390	402	769	789
	$ 4,168	$ 3,810	$ 7,837	$ 7,994

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

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.

16. 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) are discussed below. All intercompany transactions, balances, income, and expenses are eliminated on consolidation.

16.1 Compensation of key management personnel

The remuneration of directors and key management personnel included in the condensed consolidated interim statement of income (loss) for the three and six months ended June 30, 2025 and 2024 was as follows:

	3 months ended June 30, 2025	3 months ended June 30, 2024	6 months ended June 30, 2025	6 months ended June 30, 2024
Short-term benefits	$ 586	$ 714	$ 1,199	$ 1,348
Long-term benefits	208	141	(15)	596
Post-employment benefits	97	91	173	169
	$ 891	$ 946	$ 1,357	$ 2,113

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

16.2 Trading transactions

During the three and six months ended June 30, 2025 and 2024, the Company entered into the following transactions with a company that is related to a director of the Company:

	3 months ended June 30, 2025	3 months ended June 30, 2024	6 months ended June 30, 2025	6 months ended June 30, 2024
Sales	$ 181	$ 179	$ 690	$ 417
Purchases of raw material	$ 4,153	$ 3,253	$ 10,443	$ 5,121

As at June 30, 2025 and December 31, 2024, the Company had the following balances receivable from and payable to a company that is related to a director:

	June 30, 2025	December 31, 2024
Accounts receivable	$ 95	$ 17
Accounts payable	$ 701	$ 841

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

16.3 Employee loan

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 June 30, 2025, the loan balance of $0.01 million was included in prepaid expenses and other current receivables (December 31, 2024: $0.01 million).

16.4 Debenture with warrants

MRC is a shareholder of Swiss Water, and under the terms of the warrants agreement, MRC added their designate to Swiss Water's Board of Directors. As a holder of the 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 note on 'Borrowings' under the subheading 'MRC – Debenture with warrants with MRC' for this related party disclosure. As disclosed in Note 22 Subsequent Event, the Company purchased the warrants from MRC subsequent to period end, and the outstanding warrants were cancelled.

17. 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.

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

Basic and dilutive earnings per share are as follows:

	3 months ended June 30, 2025	3 months ended June 30, 2024	6 months ended June 30, 2025	6 months ended June 30, 2024
Basic income (loss) per share				
Net income (loss) attributable to shareholders	$ (374)	$ 947	$ 141	$ 47
Weighted average number of shares	9,544,552	9,502,151	9,537,690	9,362,995
Basic earnings (loss) per share	**$ (0.04)**	**$ 0.10**	**$ 0.01**	**$ 0.01**
Diluted income (loss) per share				
Net income (loss) attributable to shareholders	$ (374)	$ 947	$ 141	$ 47
Fair value of borrowings embedded option	(546)	(84)	(1,657)	-
Net loss after effect of diluted securities	$ (920)	$ 863	$ (1,516)	$ 47
Weighted average number of shares - basic	9,544,552	9,502,151	9,537,690	9,362,995
Effect of dilution: Warrants	2,250,000	2,250,000	2,250,000	-
Effect of dilution: Warrants deemed to be repurchased	(2,337,233)	-	(2,257,974)	-
Weighted average number of shares - diluted	9,457,319	11,752,151	9,529,716	9,362,995
Diluted earnings (loss) per share	**$ (0.10)**	**$ 0.07**	**$ (0.16)**	**$ 0.01**

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:

	3 months ended June 30, 2025	3 months ended June 30, 2024	6 months ended June 30, 2025	6 months ended June 30, 2024
Weighted average number of RSUs outstanding	377,909	356,741	348,185	494,652
Weighted average number of Warrants outstanding	-	-	-	2,250,000

18. 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.

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

18.1 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:

	3 months ended June 30, 2025	3 months ended June 30, 2024	6 months ended June 30, 2025	6 months ended June 30, 2024
Canada	$ 13,191	$ 11,221	$ 25,746	$ 22,248
United States	38,405	21,958	71,419	41,173
International	16,099	10,193	32,802	18,681
	$ 67,695	$ 43,372	$ 129,967	$ 82,102

18.2 Non-current assets (excluding deferred tax assets)

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

	June 30, 2025	December 31, 2024
Canada	$ 126,710	$ 129,401
United States	1	3
Europe	69	76
	$ 126,780	$ 129,480

19. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital are as follows:

	3 months ended June 30, 2025	3 months ended June 30, 2024	6 months ended June 30, 2025	6 months ended June 30, 2024
Accounts receivable	$ (6,813)	$ 3,037	$ (8,167)	$ (172)
Inventories	3,161	(1,979)	(9,914)	3,241
Other assets and liabilities	(40)	(476)	(7)	(574)
Prepaid expenses and other receivables	26	23	(112)	139
Accounts payable and accrued liabilities	(8,643)	2,404	(10,250)	4,731
Derivative assets, liabilities and hedged firm commitments at fair value through profit and loss	12,469	(1,826)	15,387	(1,472)
	$ 160	$ 1,183	$ (13,063)	$ 5,893

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

- During the three and six months ended June 30, 2025, Swiss Water paid nil and $0.1 million in cash to settle E-RSUs (2024: $0.1 million and $0.5 million).

- During the three and six months ended June 30, 2025, and 2024, 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:

- As at June 30, 2025, $0.2 million of depreciation on manufacturing equipment was allocated from inventory to cost of sales (December 31, 2024: $0.3 million from cost of sales to inventory).
- As at June 30, 2025, $0.1 million of additions to property, plant and equipment were recorded in accounts payable and accrued liabilities (December 31, 2024: $0.1 million). These transactions did not require the use of the Company's cash.
- As at June 30, 2025, $0.1 million of non-cash asset retirement obligation for the Delta leased property was removed from property, plant and equipment (December 31, 2024: removed $0.4 million).

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

- During the three and six month ended June 30, 2025, the Company accrued $0.1 million and $0.1 million respectively in financing transaction costs, however these funds have not yet been paid. There were no such transactions in 2024.
- During the three and six months ended June 30, 2025, and 2024, the Company has classified the interest portion of lease payments within operating activities and the principal portion within financing activities.

20. 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.

20.1 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 June 30, 2025, the Company had futures contracts to buy 4.5 million pounds of green coffee with a notional value of US$12.9 million, and contracts to sell 7.6 million pounds of green coffee with a notional value of US$22.2 million. The furthest contract matures in May 2026 (December 31, 2024: buy 6.5 million pounds of green coffee with a notional value of US$20.4 million, and contracts to sell 17.0 million pounds of green coffee with a notional value of US$53.6 million). Based on the volumes of coffee hedged, a 1% decrease in the mark-to-market rate for coffee futures would have resulted in an estimated of $0.1 million reduction in net income, and vice versa (December 2024: $0.2 million).

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

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

Carrying amount of hedging instruments	**June 30, 2025**	**December 31, 2024**
Fair value hedge	Commodity price risk Coffee futures	Commodity price risk Coffee futures
Nominal amount of hedging instruments (in US$'000)	$ 9,266	$ 33,197
Line item in the statement of financial position where hedging instrument is located		
Derivative Assets	$ 2,522	$ 4,508
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	**June 30, 2025**	**December 31, 2024**
Fair value hedge	Purchase commitments and coffee inventory	Purchase commitments and coffee inventory
Nominal amount of hedged item (in '000 lbs)	3,104	10,566
Line items in the statement of financial position where hedged item is located	Inventories & hedged firm commitments	Inventories & hedged firm commitments
Assets	$ 2,531	$ 13,348
Liabilities	4,381	1,656
Changes in fair value used for calculating hedge ineffectiveness	-	-

20.2 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 June 30, 2025, the Company had forward currency contracts to buy US$10.4 million and sell US$36.0 million (December 31, 2024: buy US$5.1 million and sell US$44.5 million) from July 2025 through to August 2027 at various Canadian exchange rates ranging from $1.33 to $1.44. Based on the total U.S. dollar exposure hedged, a one cent decrease in the CAD/USD exchange rate would have resulted in an estimated of $0.2 million increase in net income and other comprehensive income, and vice versa (2024: $0.3 million).

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.

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

Currency risk hedges related to US$ sales

As at June 30, 2025, the Company designated as hedging instruments US$33.0 million in forward contracts to sell US dollars, which relate to highly probable forecasted sales revenue (December 31, 2024: US$44.5 million).

Carrying amount of hedging instruments		**June 30, 2025**		**December 31, 2024**
Cashflow hedge		Currency risk Foreign currency forwards		Currency risk Foreign currency forwards
Nominal amount of hedging instruments (in US$'000)	$	32,950	$	44,530
Line items in the statement of financial position where hedging instrument is located				
Derivative Assets	$	186	$	-
Derivative Liabilities		204		3,208
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		**June 30, 2025**		**December 31, 2024**
Cashflow hedge		Currency risk Foreign currency forwards		Currency risk Foreign currency forwards
Nominal amount of hedged item (in US$'000)	$	32,950	$	44,530
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		(22)		(3,208)

Currency risk hedges related to US$ purchases

As at June 30, 2025, the Company designated as hedging instruments US$9.9 million in forward contracts to buy US dollars, which relate to coffee purchases (December 31, 2024: US$5.1 million).

Carrying amount of hedging instruments		**June 30, 2025**		**December 31, 2024**
Fair value hedge		Foreign currency purchase forwards		Foreign currency purchase forwards
Nominal amount of hedging instruments (in US$'000)	$	9,917	$	5,124
Line item in the statement of financial position where hedging instrument is located				
Derivative Assets	$	-	$	294
Derivative Liabilities		386		5
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	**June 30, 2025**	**December 31, 2024**
Fair value hedge	Firm purchase commitments & inventories	Firm purchase commitments & inventories
Nominal amount of hedged item (in US$'000)	$ 9,917	$ 5,124
Line item in the statement of financial position where hedged item is located	Inventories & hedged firm commitments	Inventories & hedged firm commitments
Assets	$ 427	$ -
Liabilities	36	313
Changes in fair value used for calculating hedge ineffectiveness	-	-

20.3 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 on cash equivalents and short-term investments is low as they are all made in fixed-rate instruments. The Company is exposed to interest rate risk on its variable rate credit facilities and construction loans. Based on the total variable borrowings outstanding, a 1% increase in the Canadian Prime Rate, assuming all other variables remain constant, would result in an estimated $0.5 million decrease in net income, and vice versa (2024: $0.3 million). There is no interest rate risk associated with fixed rate construction loans, as their interest rates are fixed.

20.4 Credit risk

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

The Company does not have significant credit risk related to cash 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 by reviewing their external credit ratings and interviewing customers' reputable vendors and then reviewed annually.

For the six months ended June 30, 2025, revenues from three major customers, in the amount of $47.2 million (2024: $32.4 million) represented 36% (2024: 40%) of total revenues for the period. Three customers represented 37% of total accounts receivable as at June 30, 2025 (December 31, 2024: 37%).

The Company had 22% of its accounts receivable past due but not impaired as at June 30, 2025 (December 31, 2024: 15%). Of the accounts receivable that are past due, 90% are 1-30 days past due, while 10% are over 31 days past due (December 31, 2024: 97% and 3% respectively).

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 shares and per share amounts)

20.5 Liquidity risk

Non-derivative financial liabilities carrying amounts and their related undiscounted contractual cash flows are as follows:

	Carrying Amount	Contractual Cash Flows			
	June 30, 2025	< 1 Year	2-3 Years	4-5 Years	Thereafter
Accounts payable	$ 15,414	$ 15,414	$ -	$ -	$ -
Other liabilities	1,442	1,259	183	-	-
Lease liabilities	15,868	2,603	3,922	108	-
Credit facility with banks	46,640	-	46,806	-	-
Credit facility with EDC and interest	6,508	6,508	-	-	-
Construction loans and interest	54,163	5,683	12,000	12,000	24,864
Borrowings embedded option	675	675	-	-	-
Total	$ 140,710	$ 32,142	$ 62,911	$ 12,108	$ 24,864

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.

20.6 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) Level 3 the Company does not have level 3 financial instruments.

Financial instruments that are measured at fair value are categorized as follows. During the three and six months ended June 30, 2025, there were no transfers between level 1 and 2 instruments.

The carrying value of cash, accounts receivable, accounts payable, accrued liabilities, and borrowings approximate their fair value because of the short-term nature of these financial instruments. These financial instruments are classified as financial assets and liabilities at amortized costs.

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

	June 30, 2025	Level 1	Level 2	Level 3
Financial assets				
Cash	$ 4,789	$ 4,789	$ -	$ -
Derivative assets	2,746	2,548	198	-
	$ 7,535	$ 7,337	$ 198	$ -
Financial liabilities				
Derivative liabilities	$ 589	$ -	$ 589	$ -
Borrowings embedded option	675	-	675	-
Other liabilities	1,442	-	1,442	-
	$ 2,706	$ -	$ 2,706	$ -
	December 31, 2024	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Cash and cash equivalents	$ 8,514	$ 8,514	$ -	$ -
Derivative assets	4,801	4,507	294	-
	$ 13,315	$ 13,021	$ 294	$ -
Financial liabilities				
Derivative liabilities	$ 3,213	$ -	$ 3,213	$ -
Borrowings embedded option	2,332	-	2,332	-
Other liabilities	1,475	-	1,475	-
	$ 7,020	$ -	$ 7,020	$ -

21. 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 10.3(iv), ‘Credit Facility – Borrowing base’.

The Company also has, in the normal course of business, entered into various contracts. As at June 30, 2025, these contracts related to the purchase of green coffee in the amount of $88.0 million (December 31, 2024: $82.8 million). Of these contracts, $88.0 million will become payable within twelve months from June 30, 2025.

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.

22. SUBSEQUENT EVENT

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