



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

For the Three and Nine Months Ended September 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)

			September 30, 2025	December 31, 2024
Assets	Note			
Current assets				
Cash	4	\$	3,939	\$ 8,514
Accounts receivable	5		29,654	23,332
Inventories	6		51,353	44,494
Prepaid expenses and other receivables			1,114	753
Derivative assets and hedged firm commitments	7, 20		3,185	10,236
Total current assets			89,245	87,329
Non-current assets				
Deposits and other receivables			146	157
Property, plant and equipment	8		125,111	129,323
Deferred tax assets			98	109
Total non-current assets			125,355	129,589
Total assets		\$	214,600	\$ 216,918
Liabilities and shareholders' equity				
Current liabilities				
Accounts payable and accrued liabilities	9	\$	32,152	\$ 29,044
Borrowings	10		12,324	47,316
Other liabilities			1,681	1,289
Lease liabilities	11		1,880	1,781
Derivative liabilities and hedged firm commitments	7, 20		2,396	3,941
Total current liabilities			50,433	83,371
Non-current liabilities				
Other liabilities			326	186
Borrowings	10		83,872	51,225
Borrowings embedded option	10.2		-	2,332
Lease liabilities	11		13,534	14,948
Asset retirement obligation	12		3,644	3,587
Deferred tax liabilities			5,525	5,177
Derivative liabilities	7, 20		185	1,225
Total non-current liabilities			107,086	78,680
Total liabilities			157,519	162,051
Shareholders' equity				
Share capital	13	\$	45,259	\$ 45,189
Share-based compensation reserve			267	190
Accumulated other comprehensive loss			(577)	(2,287)
Retained earnings			12,132	11,775
Total equity			57,081	54,867
Total liabilities and shareholders' equity		\$	214,600	\$ 216,918
Commitments and contingencies (Note 21)				
Approved on behalf of the Board:	(signed) "Alan Wallace", Director		(signed) "Frank Dennis", Director	

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

SWISS WATER DECAFFEINATED COFFEE INC.

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 September 30, 2025		3 months ended September 30, 2024		9 months ended September 30, 2025		9 months ended September 30, 2024	
Revenue	14, 18	\$	62,747	\$	41,778	\$	192,714	\$	123,880
Cost of sales			(56,307)		(35,342)		(173,739)		(104,664)
Gross profit			6,440		6,436		18,975		19,216
Operating expenses									
Administration expenses			(3,341)		(2,747)		(8,738)		(8,531)
Sales and marketing expenses			(885)		(909)		(2,741)		(2,793)
Total operating expenses			(4,226)		(3,656)		(11,479)		(11,324)
Operating income			2,214		2,780		7,496		7,892
Non-operating or other									
Loss on risk management activities			(728)		(1,970)		(4,668)		(2,638)
Gain (loss) on fair value of embedded option	10.2		-		144		1,657		(664)
Finance income			407		509		1,147		1,415
Finance expense			(1,635)		(2,294)		(5,055)		(6,875)
Gain (loss) on foreign exchange			144		(269)		(125)		317
Total non-operating or other			(1,812)		(3,880)		(7,044)		(8,445)
Income (loss) before tax			402		(1,100)		452		(553)
Income tax recovery (expense)			(186)		309		(95)		(191)
Net income (loss)		\$	216	\$	(791)	\$	357	\$	(744)
Earnings per share									
Basic income (loss) per share	17	\$	0.02	\$	(0.08)	\$	0.04	\$	(0.08)
Diluted income (loss) per share	17	\$	0.02	\$	(0.08)	\$	(0.13)	\$	(0.08)

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

SWISS WATER DECAFFEINATED COFFEE INC.

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 September 30, 2025	3 months ended September 30, 2024	9 months ended September 30, 2025	9 months ended September 30, 2024
Net income (loss)	\$ 216	\$ (791)	\$ 357	\$ (744)
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	(1,022)	528	1,292	(1,372)
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	195	175	1,067	645
Other comprehensive income (loss) related to hedging activities	(827)	703	2,359	(727)
Tax recovery (expense) on other comprehensive income (loss) related to hedging activities	223	(190)	(637)	196
Cumulative translation adjustment	(19)	(14)	(12)	(27)
Other comprehensive income (loss) net of tax	(623)	499	1,710	(558)
Net income (loss) and other comprehensive income (loss)	\$ (407)	\$ (292)	\$ 2,067	\$ (1,302)

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

	Note	Share capital Shares	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		-	-	414	-	-	414
Net loss and other comprehensive loss		-	-	-	(558)	(744)	(1,302)
Balance at September 30, 2024		9,517,552	\$ 45,189	\$ 129	\$ (109)	\$ 9,762	\$ 54,971
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		-	-	147	-	-	147
Net income and other comprehensive income		-	-	-	1,710	357	2,067
Balance at September 30, 2025	13.1	9,544,552	\$ 45,259	\$ 267	\$ (577)	\$ 12,132	\$ 57,081

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

SWISS WATER DECAFFEINATED COFFEE INC.

Condensed Consolidated Interim Statements of Cash Flows For the

(Tabular amounts are in thousands of Canadian dollars)

(Unaudited)

	Note	3 months ended September 30, 2025	3 months ended September 30, 2024	9 months ended September 30, 2025	9 months ended September 30, 2024
Operating activities					
Net income (loss)		\$ 216	\$ (791)	\$ 357	\$ (744)
Items not affecting cash:					
Depreciation and amortization		1,729	1,765	5,357	5,160
Share-based compensation expense		875	252	942	976
Unrealized loss on risk management activities		(147)	(25)	(76)	(37)
Unrealized loss (gain) on fair value of embedded option	10.2	-	(144)	(1,657)	664
Finance income		(407)	(509)	(1,147)	(1,415)
Finance expense		1,635	2,294	5,055	6,875
Income tax expense (recovery)		186	(309)	95	191
Other		38	(67)	92	(736)
		4,125	2,466	9,018	10,934
Change in non-cash working capital relating to operating activities	19	8,909	(7,251)	(4,154)	(1,358)
Net cash (used in) generated from operations		13,034	(4,785)	4,864	9,576
Interest received		390	525	1,174	1,461
Interest paid	19	(868)	(1,441)	(2,858)	(4,295)
Income tax (paid) recovered		2	161	(55)	161
Net cash (used in) generated from operating activities		12,558	(5,540)	3,125	6,903
Investing activities					
Additions to plant and equipment	19	(289)	(188)	(1,122)	(760)
Net cash used in investing activities		(289)	(188)	(1,122)	(760)
Financing activities					
Payment of lease liabilities		(454)	(421)	(1,315)	(1,251)
Repayment of construction loan	10.1	(1,351)	-	(4,024)	-
Proceeds from credit facility	10.3	-	2,500	11,075	2,500
Repayments of credit facility	10.3	(10,500)	-	(11,500)	(3,750)
Proceeds from EDC credit facility	10.4	-	250	-	250
Repurchase of Company's warrants	10.2	(675)	-	(675)	-
Transaction costs: debt financing activities	10.3	(139)	-	(139)	-
Net cash (used in) generated from financing activities		(13,119)	2,329	(6,578)	(2,251)
(Decrease) increase in cash and cash equivalents		(850)	(3,399)	(4,575)	3,892
Cash, beginning of the period		4,789	18,382	8,514	11,091
Cash, end of the period		\$ 3,939	\$ 14,983	\$ 3,939	\$ 14,983

Supplemental cash flow information (Note 19)

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

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

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 nine months ended September 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 nine months ended September 30, 2025, were approved for issuance by the Company’s Directors on November 3, 2025. There were no significant events that occurred between the reporting date and the date of authorization.

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 dollar.

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,

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

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 on 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.

2.5 New and amended standards not yet effective

These standards are effective for periods beginning on or after January 1, 2026, 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 losses 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

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

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. An 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. An 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. An 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 September 30, 2025 is \$0.3 million (December 31, 2024: \$0.2 million). For further details on contract balances with customers, refer to Note 14.2.

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

6. INVENTORIES

During the three and nine months ended September 30, 2025, the cost of inventories recognized in the cost of sales was \$47.4 million and \$154.3 million (2024: \$33.6 million and \$100.7 million). The hedge accounting component represents the derivative adjustment related to designated hedges for inventory on hand as at each reporting period. As at September 30, 2025, the inventory provision was \$0.1 million (December 31, 2024: \$0.1 million).

Inventories consist of the following:

	September 30, 2025	December 31, 2024
Raw materials	\$ 27,701	\$ 14,227
Finished goods	18,785	21,380
Carbon	345	439
Packaging	378	549
Hedge accounting component	4,144	7,899
	\$ 51,353	\$ 44,494

7. DERIVATIVE ASSETS AND LIABILITIES

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

	September 30, 2025	December 31, 2024
Derivative assets and hedged firm commitments, current	\$ 3,185	\$ 10,236
Derivative liabilities and hedged firm commitments, current	(2,396)	(3,941)
Derivative liabilities, non-current	(185)	(1,225)
Borrowings embedded option Note 10.2	-	(2,332)
	\$ 604	\$ 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:

	September 30, 2025	December 31, 2024
Net coffee futures contracts	\$ 2,512	\$ 4,508
Net US dollar forward contracts, current	168	290
Borrowings embedded option Note 10.2	-	(2,332)
	\$ 2,680	\$ 2,466

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

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:

	September 30, 2025	December 31, 2024
Net US dollar forward contracts, current	\$ (664)	\$ (1,983)
Net US dollar forward contracts, long-term	(185)	(1,225)
	\$ (849)	\$ (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:

	September 30, 2025	December 31, 2024
Hedged firm commitments on coffee purchases, current	\$ 493	\$ 5,434
Hedged firm commitments on coffee sales, current	(1,720)	(1,954)
	\$ (1,227)	\$ 3,480

8. PROPERTY, PLANT AND EQUIPMENT

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

	September 30, 2025	December 31, 2024
Property, plant and equipment	\$ 112,655	\$ 115,512
Right-of-use assets	12,456	13,811
	\$ 125,111	\$ 129,323

8.1 Right-of-use assets

For the three and nine months ended September 30, 2025, the total depreciation expense related to the right-of-use assets was \$0.5 million and \$1.4 million respectively (2024: \$0.5 million and \$1.4 million), of which \$0.4 million and \$1.2 million was charged to cost of sales (2024: \$0.4 million and \$1.2 million) and \$0.1 million and \$0.2 million was included in administrative expense (2024: \$0.1 million and \$0.2 million).

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

8.2 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		43		-		-		23		17		945		1,028
ARO remeasurement		-		-		(35)		-		-		-		(35)
Transfers		572		-		17		30		-		(619)		-
September 30, 2025	\$	109,753	\$	18,159	\$	6,861	\$	785	\$	195	\$	519	\$	136,272
Accumulated depreciation														
January 1, 2025	\$	(14,298)	\$	(3,806)	\$	(1,023)	\$	(499)	\$	(141)	\$	-	\$	(19,767)
Depreciation		(2,652)		(790)		(333)		(62)		(13)		-		(3,850)
September 30, 2025	\$	(16,950)	\$	(4,596)	\$	(1,356)	\$	(561)	\$	(154)	\$	-	\$	(23,617)
September 30, 2025	\$	92,803	\$	13,563	\$	5,505	\$	224	\$	41	\$	519	\$	112,655

	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 nine months ended September 30, 2025, the total depreciation expense related to property, plant and equipment was \$1.3 million and \$3.9 million respectively (2024: \$1.3 million and \$4.0 million), of which, \$1.2 million and \$3.7 million was depreciation charged to cost of sales (2024: \$1.2 million and \$3.8 million), while \$0.1 million and \$0.2 million of depreciation charges were included in administrative expenses (2024: \$0.1 million and \$0.2 million). From the expensed depreciation, during the three and nine months ended September 30, 2025, a total of nil and \$0.2 million was allocated from inventory to cost of sales (2024: nil and \$0.2 million from cost of sales to inventory).

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

	September 30, 2025	December 31, 2024
Accounts payable	\$ 27,811	\$ 24,838
Accrued liabilities	3,969	4,152
Income tax payable	372	54
	\$ 32,152	\$ 29,044

10. BORROWINGS

As at and during the three and nine months ended September 30, 2025, the Company was in compliance with all banks' and creditors' covenants.

The Company's borrowings are as follows:

		September 30, 2025	December 31, 2024
Construction loans with BDC and FCC	Note 10.1	\$ 52,812	\$ 56,839
Credit facility	Note 10.3	36,775	35,398
Borrowings with EDC	Note 10.4	6,609	6,304
Borrowings, total		\$ 96,196	\$ 98,541
Less current portion			
Construction loans with BDC and FCC	Note 10.1	(5,715)	(5,614)
Credit facility	Note 10.3	-	(35,398)
Borrowings with EDC	Note 10.4	(6,609)	(6,304)
Borrowings, current		\$ (12,324)	\$ (47,316)
Borrowings, non-current		\$ 83,872	\$ 51,225

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

10.1 Construction loans with BDC and FCC

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

	September 30, 2025	December 31, 2024
Current portion		
Construction loans interest, current	\$ 206	\$ 250
Construction loan with BDC, current, variable 5.69% (2024: 7.36%)	632	632
Construction loan with BDC, current, fixed 4.45%	2,368	2,369
Construction loan with FCC, current, variable 5.51% (2024: 7.22%)	1,611	1,494
Construction loan with FCC, current, fixed 4.38%	898	869
	\$ 5,715	\$ 5,614
Long term portion		
Construction loan with BDC, non-current, variable 5.69% (2024: 7.36%)	4,895	5,368
Construction loan with BDC, non-current, fixed 4.45%	18,354	20,131
Construction loan with FCC, non-current, variable 5.51% (2024: 7.22%)	15,764	17,006
Construction loan with FCC, non-current, fixed 4.38%	8,455	9,131
Financing transaction costs	(371)	(411)
	\$ 52,812	\$ 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.

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

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 began 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 was treated as modification accounting under IFRS 9. There was no gain or loss recognized related to this change in the agreement terms.

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 September 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 nine months ended September 30, 2025, the BDC and FCC variable rate loan effective interest rates were 5.69% and 5.51% respectively (2024: 7.64% and 7.46%). The finance costs and the effective interest rates are based on the average balance drawn on each loan.

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

	3 months ended September 30, 2025		3 months ended September 30, 2024		9 months ended September 30, 2025		9 months ended September 30, 2024	
Balance, open	\$	54,163	\$	56,828	\$	56,839	\$	56,824
Principal repayments		(1,351)		-		(4,024)		-
Interest and fees charged		652		802		2,015		2,458
Interest paid		(666)		(819)		(2,058)		(2,496)
Amortized financing costs		14		14		40		39
Balance, end	\$	52,812	\$	56,825	\$	52,812	\$	56,825

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

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 September 30, 2025 and December 31, 2024, there were no balances owing on the debenture. The finance expense and interest paid for the three and nine months ended September 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.

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

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.

10.2 (ii) MRC – Finance expense and interest paid

During the period ended September 30, 2024, the debenture 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. As the debenture was repaid during the year 2024, no further interest was incurred or paid on the debenture during the nine month period ended September 30, 2025.

Interest expensed and paid, and the principal on debt due to MRC was as follows:

	3 months ended September 30, 2025		3 months ended September 30, 2024		9 months ended September 30, 2025		9 months ended September 30, 2024	
Balance, open	\$	-	\$	15,283	\$	-	\$	14,631
Interest charged		-		704		-		2,054
Interest paid		-		(354)		-		(1,052)
Balance, end	\$	-	\$	15,633	\$	-	\$	15,633

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

Since 2022, the amended debenture with warrants contained 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 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. On July 3, 2025, the Company purchased the warrants, as disclosed in Note 10.2(i). 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 (December 31, 2024: \$2.3 million). For the three and nine months ended September 30, 2025, this revaluation resulted in a gain of nil and \$1.7 million (2024: gain of \$0.1 million and a loss of \$0.7 million).

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

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

	September 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	\$ -	\$ 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 September 30, 2025 and December 31, 2024, the Operating Credit Facility comprises:

	September 30, 2025	December 31, 2024
Credit facility, effective interest rate 5.37% (2024: 6.9%)	\$ 36,914	\$ 35,407
Less unamortized financing transaction costs	(139)	(9)
	\$ 36,775	\$ 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 of supporting 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.

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

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 nine months ended September 30, 2025, the Company incurred deferred financing costs of nil and \$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 September 30, 2025, the balance of deferred financing costs was \$0.1 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 nine months ended September 30, 2025, the Credit Facility variable rate loan effective interest rate was 5.37% (2024: 7.19%).

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

	3 months ended September 30, 2025		3 months ended September 30, 2024		9 months ended September 30, 2025		9 months ended September 30, 2024	
Balance, open	\$	46,640	\$	23,990	\$	35,398	\$	26,728
Principal advances		-		2,500		11,075		2,500
Principal repayments		(10,500)		-		(11,500)		(3,750)
Interest and fees charged		608		432		1,932		1,392
Financing costs addition		-		-		(177)		-
Financing costs amortization		27		46		47		98
Balance, end	\$	36,775	\$	26,968	\$	36,775	\$	26,968

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.

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

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

	September 30, 2025		December 31, 2024	
Gross borrowing base availability	\$	39,071	\$	39,619
Advances, repayments, fees and interest from inception		(36,914)		(35,407)
Outstanding letter of credit and security lien bond		(537)		(537)
Interests and fees accrued		(143)		163
	\$	1,477	\$	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 September 30, 2025, \$6.3 million was drawn on the EDC Credit and the Company accrued interest of \$0.3 million (December 31, 2024: \$6.3 million and accrued interest of \$0.1).

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 June 30, 2029.

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 nine months ended September 30, 2025, the EDC Credit variable rate loan effective interest rate was 6.33% (2024: not applicable).

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

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

	3 months ended September 30, 2025		3 months ended September 30, 2024		9 months ended September 30, 2025		9 months ended September 30, 2024	
Balance, open	\$	6,508	\$	-	\$	6,304	\$	-
Advances		-		250		-		250
Interest and fees charged		101		-		305		-
Balance, end	\$	6,609	\$	250	\$	6,609	\$	250

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 September 30, 2026. This guarantee provides additional borrowing capacity within the above mentioned Credit Facility with a Canadian Bank.

11. LEASE LIABILITIES

11.1 Lease liabilities

Lease liabilities are as follows:

	September 30, 2025		December 31, 2024	
Lease liabilities, current	\$	1,880	\$	1,781
Lease liabilities, non-current		13,534		14,948
	\$	15,414	\$	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.

For the three and nine months ended September 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.

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

	3 months ended September 30, 2025		3 months ended September 30, 2024		9 months ended September 30, 2025		9 months ended September 30, 2024	
Balance, open	\$	15,869	\$	17,563	\$	16,729	\$	18,393
Finance expense		196		217		603		666
Lease cash payments		(651)		(640)		(1,923)		(1,919)
Foreign exchange		-		2		5		2
Balance, end	\$	15,414	\$	17,142	\$	15,414	\$	17,142

12. ASSET RETIREMENT OBLIGATION ("ARO")

The Company estimates that the total undiscounted amount of cash flows required to settle its ARO is approximately \$5.8 million, all of which is allocated to the Delta location. As at September 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 3.54% (December 31, 2024: 3.35%). ARO transactions were as follows:

	September 30, 2025		December 31, 2024	
Balance, open	\$	3,587	\$	3,839
Remeasurement recognized in property, plant and equipment		(35)		(356)
Accretion		92		104
Balance, end	\$	3,644	\$	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 September 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 September 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.

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

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 allowed 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 disclosed in Note 10.2(i), the Company purchased the warrants from MRC on July 3, 2025, and all of the outstanding warrants were immediately cancelled.

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

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	61,891	\$ 3.30	2.51	No
E-RSUs granted - performance	25,491	\$ 3.30	2.51	Yes
E-RSUs cash-settled	(25,000)	\$ 3.44	-	No
E-RSUs equity-settled	(27,000)	\$ 2.58	-	No
E-RSUs forfeited	(7,500)	\$ 3.19	-	No
Balance at September 30, 2025	371,436	\$ 3.80	1.49	

13.5 Cash-based restricted share units (“C-RSUs”)

C-RSUs accounting policy

During the three and nine month period ended September 30, 2025, Swiss Water established a new, 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.

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

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 statement of 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 statement of income (loss).

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	92,837	\$ 3.30	2.51	No
C-RSUs granted - performance	38,236	\$ 3.30	2.51	Yes
Balance at September 30, 2025	131,073	\$ 4.50	2.51	

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

13.6 Deferred share units (“DSUs”)

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	56,602	\$ 3.29	No
DSUs redeemed	(18,487)	\$ 3.29	No
Balance at September 30, 2025	344,824	\$ 4.47	

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 nine months ended September 30, 2025 and 2024 as follows:

	3 months ended September 30, 2025		3 months ended September 30, 2024		9 months ended September 30, 2025		9 months ended September 30, 2024	
Decaffeinated coffee sales	\$	54,385	\$	36,072	\$	172,608	\$	107,903
Decaffeination services		2,560		2,749		6,289		7,483
Distribution services		5,802		2,957		13,817		8,494
	\$	62,747	\$	41,778	\$	192,714	\$	123,880

14.2 Contract balances

As at September 30, 2025, the accounts receivable balance of \$29.7 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 September 30, 2025, was \$0.3 million (December 31, 2024: \$0.2 million).

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

As at September 30, 2025, \$0.2 million of 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 September 30, 2025 and December 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 September 30, 2025		3 months ended September 30, 2024		9 months ended September 30, 2025		9 months ended September 30, 2024	
Short-term benefits	\$	3,440	\$	3,471	\$	10,441	\$	9,952
Long-term benefits		875		252		942		976
Post-employment benefits		283		277		1,052		1,066
	\$	4,598	\$	4,000	\$	12,435	\$	11,994

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 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 nine months ended September 30, 2025 and 2024 was as follows:

	3 months ended September 30, 2025		3 months ended September 30, 2024		9 months ended September 30, 2025		9 months ended September 30, 2024	
Short-term benefits	\$	603	\$	581	\$	1,802	\$	1,929
Long-term benefits		765		175		750		771
Post-employment benefits		65		51		238		220
	\$	1,433	\$	807	\$	2,790	\$	2,920

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

16.2 Trading transactions

During the three and nine months ended September 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 September 30, 2025		3 months ended September 30, 2024		9 months ended September 30, 2025		9 months ended September 30, 2024	
Sales	\$	125	\$	28	\$	815	\$	445
Purchases of raw materials	\$	4,889	\$	2,460	\$	15,332	\$	7,581

As at September 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:

	September 30, 2025		December 31, 2024	
Accounts receivable	\$	3	\$	17
Accounts payable	\$	3,180	\$	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 September 30, 2025, the loan balance of \$0.01 million was included in prepaid expenses and other 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. While the Company's warrants were outstanding, as a holder of the warrants, MRC had the right to exercise the warrants and obtain an additional 2.25 million shares of Swiss Water. As disclosed in Note 10.2(i), the Company completed an agreement to purchase the warrants from MRC on July 3, 2025, and the outstanding warrants were cancelled.

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

17. BASIC AND DILUTED EARNINGS PER SHARE (“EPS”)

Basic and dilutive earnings per share are as follows:

	3 months ended		3 months ended		9 months ended		9 months ended	
	September 30, 2025		September 30, 2024		September 30, 2025		September 30, 2024	
Basic income (loss) per share								
Net income (loss) attributable to shareholders	\$	216	\$	(791)	\$	357	\$	(744)
Weighted average number of shares		9,544,552		9,517,552		9,540,003		9,414,890
Basic income (loss) per share	\$	0.02	\$	(0.08)	\$	0.04	\$	(0.08)
Diluted income (loss) per share								
Net income (loss) attributable to shareholders	\$	216	\$	(791)	\$	357	\$	(744)
Fair value of borrowings embedded option		-		-		(1,657)		-
Net income (loss) after effect of diluted securities	\$	216	\$	(791)	\$	(1,300)	\$	(744)
Weighted average number of shares - basic		9,544,552		9,517,552		9,540,003		9,414,890
Effect of dilution: Warrants		48,913		-		1,508,242		-
Effect of dilution: Warrants deemed to be repurchased		(37,741)		-		(1,375,071)		-
Weighted average number of shares - diluted		9,555,724		9,517,552		9,673,174		9,414,890
Diluted income (loss) per share	\$	0.02	\$	(0.08)	\$	(0.13)	\$	(0.08)

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 September 30, 2025		3 months ended September 30, 2024		9 months ended September 30, 2025		9 months ended September 30, 2024	
Weighted average number of RSUs outstanding		373,963		336,815		356,895		443,919
Weighted average number of Warrants outstanding		-		2,250,000		-		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.

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:

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

	3 months ended September 30, 2025	3 months ended September 30, 2024	9 months ended September 30, 2025	9 months ended September 30, 2024
Canada	\$ 14,274	\$ 10,169	\$ 40,020	\$ 32,416
United States	30,116	19,690	101,535	60,863
International	18,357	11,919	51,159	30,601
	\$ 62,747	\$ 41,778	\$ 192,714	\$ 123,880

18.2 Non-current assets (excluding deferred tax assets)

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

	September 30, 2025	December 31, 2024
Canada	\$ 125,192	\$ 129,401
United States	1	3
Europe	64	76
	\$ 125,257	\$ 129,480

19. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital are as follows:

	3 months ended September 30, 2025	3 months ended September 30, 2024	9 months ended September 30, 2025	9 months ended September 30, 2024
Accounts receivable	\$ 1,678	\$ (20)	\$ (6,489)	\$ (192)
Inventories	(812)	(7,194)	(10,726)	(3,953)
Other assets and liabilities	(244)	(32)	(251)	(606)
Prepaid expenses	(249)	(157)	(361)	(18)
Accounts payable and accrued liabilities	13,267	4,092	3,017	8,823
Derivative assets, liabilities and hedged firm commitments	(5,406)	(3,940)	9,981	(5,412)
Borrowings embedded option	675	-	675	-
	\$ 8,909	\$ (7,251)	\$ (4,154)	\$ (1,358)

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

- During the three and nine months ended September 30, 2025, Swiss Water paid nil and \$0.1 million in cash to settle equity-based RSUs (2024: nil million and \$0.5 million).
- During the three and nine months ended September 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.

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

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

- As at September 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 September 30, 2025, nil 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 September 30, 2025, \$0.03 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 nine months ended September 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 September 30, 2025, the Company had futures contracts to buy 6.4 million pounds of green coffee with a notional value of US\$23.0 million, and contracts to sell 12.1 million pounds of green coffee with a notional value of US\$44.1 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 \$0.2 million reduction in net income, and vice versa (December 2024: \$0.2 million).

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

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

Carrying amount of hedging instruments	September 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)	\$	21,093	\$	33,197
Line item in the statement of financial position where hedging instrument is located				
Derivative Assets	\$	2,500	\$	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	September 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)	5,685		10,566	
Line items in the statement of financial position where hedged item is located	Inventories & hedged firm commitments		Inventories & hedged firm commitments	
Assets	\$	4,630	\$	13,348
Liabilities	1,635		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 September 30, 2025, the Company had forward currency contracts to buy US\$14.8 million and sell US\$27.1 million (December 31, 2024: buy US\$5.1 million and sell US\$44.5 million) from October 2025 through to August 2027 at various Canadian exchange rates ranging from \$1.33 to \$1.40. 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 \$0.1 million increase in net income and other comprehensive income, and vice versa (2024: \$0.3 million increase in net income).

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.

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

Currency risk hedges related to US\$ sales

As at September 30, 2025, the Company designated as hedging instruments US\$27.1 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	September 30, 2025		December 31, 2024	
		Currency risk		Currency risk
Cashflow hedge		Foreign currency		Foreign currency
		forwards		forwards
Nominal amount of hedging instruments (in US\$'000)	\$	27,050	\$	44,530
Line items in the statement of financial position where hedging instrument is located				
Derivative Assets	\$	-	\$	-
Derivative Liabilities		849		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	September 30, 2025		December 31, 2024	
		Currency risk		Currency risk
Cashflow hedge		Foreign currency		Foreign currency
		forwards		forwards
Nominal amount of hedged item (in US\$'000)	\$	27,050	\$	44,530
Line items in the statement of financial position where hedged item is located		Accumulated other		Accumulated other
		comprehensive income		comprehensive income
Assets	\$	n/a	\$	n/a
Liabilities		n/a		n/a
Changes in fair value used for calculating hedge ineffectiveness		-		-
Cashflow hedge reserve		(849)		(3,208)

Currency risk hedges related to US\$ purchases

As at September 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	September 30, 2025		December 31, 2024	
Fair value hedge		Foreign currency		Foreign currency
		purchase forwards		purchase forwards
Nominal amount of hedging instruments (in US\$'000)	\$	9,914	\$	5,124
Line item in the statement of financial position where hedging instrument is located				
Derivative Assets	\$	132	\$	294
Derivative Liabilities		11		5
Changes in fair value used for calculating hedge ineffectiveness		-		-

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

Accumulated amount of fair value hedge adjustment on hedged item included in the carrying amount of the hedged items	September 30, 2025	December 31, 2024
Fair value hedge	Firm purchase commitments & inventories	Firm purchase commitments & inventories
Nominal amount of hedged item (in US\$'000)	\$ 9,914	\$ 5,124
Line item in the statement of financial position where hedged item is located	Inventories & hedged firm commitments	Inventories & hedged firm commitments
Assets	\$ 7	\$ -
Liabilities	85	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 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 (December 31, 2024: \$0.5 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 nine months ended September 30, 2025, revenues from three major customers, in the amount of \$69.1 million (2024: \$44.5 million), represented 36% (2024: 36%) of total revenues for the period. Three customers represented 44% of total accounts receivable as at September 30, 2025 (December 31, 2024: 37%).

The Company had 17% of its accounts receivable past due but not impaired as at September 30, 2025 (December 31, 2024: 15%). Of the accounts receivable that are past due, 89% are 1-30 days past due, while 11% 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.

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

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			
	September 30, 2025		< 1 Year	2-3 Years	4-5 Years	Thereafter
Accounts payable	\$ 27,811	\$	27,811	\$ -	\$ -	\$ -
Other liabilities	2,007		1,681	326	-	-
Lease liabilities	15,414		2,604	3,379	-	-
Credit facility with banks	36,775		-	36,914	-	-
Credit facility with EDC and interest	6,609		6,609	-	-	-
Construction loans and interest	52,812		5,715	12,000	12,000	23,468
Total	\$ 141,428	\$	44,420	\$ 52,619	\$ 12,000	\$ 23,468

The Company has in place a planning and budgeting process to assist in determining 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:

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

The carrying value of cash, accounts receivable, accounts payable, and accrued liabilities 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.

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

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three and Nine Months ended September 30, 2025 and 2024

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

	September 30, 2025		Level 1		Level 2		Level 3
Financial assets							
Cash	\$	3,939	\$	3,939	\$	-	-
Derivative assets		2,692		2,511		181	-
	\$	6,631	\$	6,450	\$	181	-
Financial liabilities							
Derivative liabilities	\$	861	\$	-	\$	861	-
Other liabilities		2,007		-		2,007	-
	\$	2,868	\$	-	\$	2,868	-
	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 September 30, 2025, these contracts related to the purchase of green coffee in the amount of \$78.5 million (December 31, 2024: \$82.8 million). Of these contracts, \$78.2 million will become payable within twelve months from September 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.