



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

For the Three Months Ended March 31, 2026 and 2025

SWISS WATER DECAFFEINATED COFFEE INC.

Condensed Consolidated Interim Statements of Financial Position as at

(Tabular amounts are in thousands of Canadian dollars)

	Note	March 31, 2026		December 31, 2025	
		(Unaudited)		(Audited)	
Assets					
Current assets					
Cash	4	\$	4,784	\$	6,606
Accounts receivable	5		33,239		29,179
Inventories	6		40,652		46,022
Prepaid expenses and other receivables			965		897
Derivative assets and hedged firm commitments	7,20		3,465		2,076
Total current assets			83,105		84,780
Non-current assets					
Deposits and other receivables			220		146
Property, plant and equipment	8		124,304		123,779
Deferred tax assets			3		104
Derivative assets	7,20		-		52
Total non-current assets			124,527		124,081
Total assets		\$	207,632	\$	208,861
Liabilities and shareholders' equity					
Current liabilities					
Accounts payable and accrued liabilities	9	\$	26,867	\$	25,986
Borrowings	10		12,033		12,012
Other liabilities			2,092		1,755
Lease liabilities	11		2,336		1,903
Derivative liabilities and hedged firm commitments	7,20		1,465		833
Total current liabilities			44,793		42,489
Non-current liabilities					
Other liabilities			223		407
Borrowings	10		78,133		83,981
Lease liabilities	11		14,472		13,048
Asset retirement obligation	12		3,494		3,670
Deferred tax liabilities			6,546		6,460
Derivative liabilities	7,20		323		72
Total non-current liabilities			103,191		107,638
Total liabilities			147,984		150,127
Shareholders' equity					
Share capital	13	\$	45,389	\$	45,259
Share-based compensation reserve			270		317
Accumulated other comprehensive loss			(729)		(180)
Retained earnings			14,718		13,338
Total equity			59,648		58,734
Total liabilities and shareholders' equity		\$	207,632	\$	208,861
Commitments and contingencies (Note 21)					
Subsequent event (Note 22)					
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

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

(Unaudited)

	Note	3 months ended	
		March 31, 2026	March 31, 2025
Revenue	14,18	\$ 57,452	\$ 62,272
Cost of sales		(49,539)	(54,985)
Gross profit		7,913	7,287
Operating expenses			
Administration expenses		(3,249)	(2,435)
Sales and marketing expenses		(1,050)	(954)
Total operating expenses		(4,299)	(3,389)
Operating income		3,614	3,898
Non-operating or other			
Loss on risk management activities		(614)	(2,839)
Gain on fair value of embedded option	10.2	-	1,111
Finance income		378	378
Finance expense		(1,424)	(1,718)
Loss on foreign exchange		(40)	(159)
Total non-operating or other		(1,700)	(3,227)
Income before income tax		1,914	671
Income tax expense		(534)	(156)
Net income		\$ 1,380	\$ 515
Earnings per share			
Basic income per share	17	\$ 0.14	\$ 0.05
Diluted income (loss) per share	17	\$ 0.14	\$ (0.06)

– 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 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

	3 months ended March 31, 2026	3 months ended March 31, 2025
Net income	\$ 1,380	\$ 515
Other comprehensive (loss) income net of tax		
Items that may be subsequently reclassified to income:		
Unrealized loss		
Derivatives designated as cash flow hedges - currency risk hedges on US\$ future revenue	(883)	(204)
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	116	536
Other comprehensive (loss) income related to hedging activities	(767)	332
Tax recovery (expense) on other comprehensive (loss) income related to hedging activities	207	(90)
Cumulative translation adjustment	11	7
Other comprehensive (loss) income net of tax	(549)	249
Net income and other comprehensive income	\$ 831	\$ 764

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

	Note	Share capital		Share-based compensation reserve	Accumulated other comprehensive loss	Retained earnings	Total equity
		Shares	Amount				
Balance at December 31, 2024		9,517,552	\$ 45,189	\$ 190	\$ (2,287)	\$ 11,775	\$ 54,867
Shares issued for restricted share units		27,000	70	(70)	-	-	-
Share-based compensation		-	-	41	-	-	41
Net income and other comprehensive income		-	-	-	249	515	764
Balance at March 31, 2025		9,544,552	\$ 45,259	\$ 161	\$ (2,038)	\$ 12,290	\$ 55,672
Balance at December 31, 2025		9,544,552	\$ 45,259	\$ 317	\$ (180)	\$ 13,338	\$ 58,734
Shares issued for restricted share units	13.3	47,750	130	(130)	-	-	-
Share-based compensation		-	-	83	-	-	83
Net income and other comprehensive loss		-	-	-	(549)	1,380	831
Balance at March 31, 2026	13	9,592,302	\$ 45,389	\$ 270	\$ (729)	\$ 14,718	\$ 59,648

– 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

(Tabular amounts are in thousands of Canadian dollars)

(Unaudited)

	Note	3 months ended March 31, 2026	3 months ended March 31, 2025
Operating activities			
Net income		\$ 1,380	\$ 515
Items not affecting cash:			
Depreciation		1,855	1,778
Share-based compensation expense	19	341	(208)
Unrealized gain on risk management activities		(216)	17
Unrealized gain on fair value of embedded option	10.2	-	(1,111)
Finance income		(378)	(378)
Finance expense		1,424	1,718
Income tax expense		534	156
Other		35	99
		4,975	2,586
Change in non-cash working capital relating to operating activities	19	996	(13,223)
Net cash generated from (used in) operations		5,971	(10,637)
Interest received		362	241
Interest paid	19	(840)	(1,023)
Income tax (paid) recovered		(1)	-
Net cash generated from (used in) operating activities		5,492	(11,419)
Investing activities			
Additions to plant and equipment	19	(436)	(429)
Net cash used in investing activities		(436)	(429)
Financing activities			
Payment of lease liabilities	11, 19	(500)	(428)
Repayment of construction loan	10.1	(1,378)	(1,328)
Proceeds from credit facility	10.3	1,000	10,075
Repayments of credit facility	10.3	(6,000)	-
Net cash (used in) generated from financing activities		(6,878)	8,319
Decrease in cash and cash equivalents		(1,822)	(3,529)
Cash, beginning of the period		6,606	8,514
Cash, end of the period		\$ 4,784	\$ 4,985

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 Months ended March 31, 2026 and 2025

(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 months ended March 31, 2026, 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, 2025.

These condensed consolidated interim financial statements for the three months ended March 31, 2026, were approved for issuance by the Company’s Directors on May 4, 2026. There were no significant 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 dollar.

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

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, 2025.

2.4 New and amended standards

The following amendments to accounting standards became effective for annual periods beginning on or after January 1, 2026. The adoption of these revised standards by the Company did not have a material impact on its condensed consolidated interim 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.
- *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.
- *IAS 7 Statement of cash flows* amended paragraph 37 to clarify investments in subsidiaries, associates, and joint ventures.

2.5 New and amended standards not yet effective

These standards have been issued but are not yet effective for periods beginning on or after January 1, 2027, and the Company anticipates the following impact on its financial statements:

- *IFRS 18 Presentation and disclosure in the financial statements* is a new standard issued by IASB in April 2024, effective for annual reporting periods beginning on or after January 1, 2027. An early

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adoption is permitted. The Company is currently assessing the impacts of the new standard. The adoption of IFRS 18 is expected to primarily affect:

- presentation and disclosure within the financial statements, including an additional disclosure to reconcile between the presentation of transactions by nature versus presentation of transactions by function (currently, the Company presents expenses recognized in the consolidated statement of income using a classification based on their function within the Company and provides specific disclosure of expenses by nature within the notes);
- the presentation and disclosure of certain management-defined performance measures currently discussed in the Company's Management's Discussion and Analysis; and
- the classification of certain cash flows in the Company's consolidated statement of cash flows, primarily the potential reclassification of interest paid from operating activities to financing activities.

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 is not significant. As a result, the expected credit losses provision as at March 31, 2026 is \$0.1 million (December 31, 2025: \$0.1 million). For further details on contract balances with customers, refer to Note 14.2.

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6. INVENTORIES

During the three months ended March 31, 2026, the cost of inventories recognized in the cost of sales was \$44.7 million (March 31, 2025: \$49.3 million). The hedge accounting component represents the derivative adjustment related to designated hedges for inventory on hand as at each reporting period. As at March 31, 2026, the inventory provision was \$0.04 million (December 31, 2025: \$0.03 million).

Inventories consist of the following:

	March 31, 2026	December 31, 2025
Raw materials	\$ 27,309	\$ 26,126
Finished goods	17,160	20,507
Carbon	330	321
Packaging	333	377
Hedge accounting component	(4,480)	(1,309)
	\$ 40,652	\$ 46,022

7. DERIVATIVE ASSETS AND LIABILITIES

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

	March 31, 2026	December 31, 2025
Derivative assets and hedged firm commitments, current	\$ 3,465	\$ 2,076
Derivative assets, non-current	-	52
Derivative liabilities and hedged firm commitments, current	(1,465)	(833)
Derivative liabilities, non-current	(323)	(72)
	\$ 1,677	\$ 1,223

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:

	March 31, 2026	December 31, 2025
Net coffee futures contracts	\$ 1,322	\$ 1,395
Net US dollar forward contracts, current	274	(201)
Net US dollar forward contracts, long-term	1	(20)
	\$ 1,597	\$ 1,174

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(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:

	March 31, 2026	December 31, 2025
Net US dollar forward contracts, current	\$ (733)	\$ (290)
Net US dollar forward contracts, long-term	(324)	-
	\$ (1,057)	\$ (290)

7.3 Other hedged items

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

	March 31, 2026	December 31, 2025
Hedged firm commitments on coffee purchases, current	\$ (672)	\$ (285)
Hedged firm commitments on coffee sales, current	1,804	624
	\$ 1,132	\$ 339

8. PROPERTY, PLANT AND EQUIPMENT

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

	March 31, 2026	December 31, 2025
Property, plant and equipment	\$ 110,439	\$ 111,777
Right-of-use assets	13,865	12,002
	\$ 124,304	\$ 123,779

8.1 Right-of-use assets

During the three months ended March 31, 2026, the Company leased a storage warehouse in Delta, BC, and recognized a \$2.4 million right-of-use asset. The right-of-use asset was measured at the amount equal to the lease liability recognized in the statement of financial position. For further details, refer to Note 11, lease liabilities.

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three Months ended March 31, 2026 and 2025

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

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

		Equipment		Property		Total
Cost						
Balance at January 1, 2026	\$	244	\$	24,144	\$	24,388
Additions		-		2,356		2,356
Balance at March 31, 2026	\$	244	\$	26,500	\$	26,744
Accumulated depreciation						
Balance at January 1, 2026	\$	(167)	\$	(12,213)	\$	(12,380)
Depreciation		(8)		(484)		(492)
Balance at March 31, 2026	\$	(175)	\$	(12,697)	\$	(12,872)
Foreign exchange		-		(7)		(7)
Balance at March 31, 2026	\$	69	\$	13,796	\$	13,865
		Equipment		Property		Total
Cost						
Balance at January 1, 2025	\$	244	\$	24,144	\$	24,388
Balance at December 31, 2025	\$	244	\$	24,144	\$	24,388
Accumulated depreciation						
Balance at January 1, 2025	\$	(132)	\$	(10,435)	\$	(10,567)
Depreciation		(35)		(1,778)		(1,813)
Balance at December 31, 2025	\$	(167)	\$	(12,213)	\$	(12,380)
Foreign exchange		-		(6)		(6)
Balance at December 31, 2025	\$	77	\$	11,925	\$	12,002

For the three months ended March 31, 2026 and 2025, depreciation expense related to the right-of-use assets was included in cost of sales and in administrative expense as follows:

Right-of-use assets		3 months ended		3 months ended
Depreciation		March 31, 2026		March 31, 2025
Included in cost of sales	\$	439	\$	405
Included in admin costs		53		49
	\$	492	\$	454

SWISS WATER DECAFFEINATED COFFEE INC.

Notes to the Condensed Consolidated Interim Financial Statements For the Three Months ended March 31, 2026 and 2025

(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 improvements	Computer equipment	Furniture and fixtures	Construction in progress	Total
Cost							
January 1, 2026	\$ 110,018	\$ 18,159	\$ 6,897	\$ 918	\$ 195	\$ 510	\$ 136,697
Additions	-	-	-	12	6	201	219
Disposals	-	-	-	(51)	-	-	(51)
ARO remeasurement	-	-	(209)	-	-	-	(209)
Transfers	108	-	-	68	-	(176)	-
March 31, 2026	\$ 110,126	\$ 18,159	\$ 6,688	\$ 947	\$ 201	\$ 535	\$ 136,656
Accumulated depreciation							
January 1, 2026	\$ (17,856)	\$ (4,859)	\$ (1,467)	\$ (580)	\$ (158)	\$ -	\$ (24,920)
Depreciation	(896)	(263)	(110)	(76)	(4)	-	(1,349)
Disposals	-	-	-	51	-	-	51
March 31, 2026	\$ (18,752)	\$ (5,122)	\$ (1,577)	\$ (605)	\$ (162)	\$ -	\$ (26,218)
March 31, 2026	\$ 91,374	\$ 13,037	\$ 5,111	\$ 342	\$ 39	\$ 535	\$ 110,438
	Machinery and equipment	Building	Leasehold improvements	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	-	-	107	17	1,292	1,459
ARO remeasurement	-	-	(41)	-	-	-	(41)
Transfers	837	-	59	79	-	(975)	-
December 31, 2025	\$ 110,018	\$ 18,159	\$ 6,897	\$ 918	\$ 195	\$ 510	\$ 136,697
Accumulated depreciation							
January 1, 2025	\$ (14,298)	\$ (3,806)	\$ (1,023)	\$ (499)	\$ (141)	\$ -	\$ (19,767)
Depreciation	(3,558)	(1,053)	(444)	(81)	(17)	-	(5,153)
December 31, 2025	\$ (17,856)	\$ (4,859)	\$ (1,467)	\$ (580)	\$ (158)	\$ -	\$ (24,920)
December 31, 2025	\$ 92,162	\$ 13,300	\$ 5,430	\$ 338	\$ 37	\$ 510	\$ 111,777

For the three months ended March 31, 2026 and 2025, depreciation expense related to property, plant and equipment was included in cost of sales and in administrative expense as follows:

Property, plant and equipment Depreciation	3 months ended March 31, 2026	3 months ended March 31, 2025
Included in cost of sales	\$ 1,248	\$ 1,242
Included in admin costs	101	49
	\$ 1,349	\$ 1,291

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Notes to the Condensed Consolidated Interim Financial Statements For the Three Months ended March 31, 2026 and 2025

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

Also, during the three months ended March 31, 2026 and 2025, depreciation expense was allocated from inventory to cost of sales as follows:

Property, plant and equipment Depreciation	3 months ended March 31, 2026	3 months ended March 31, 2025
Allocated from inventory	14	33

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

	March 31, 2026	December 31, 2025
Accounts payable	\$ 22,950	\$ 22,656
Accrued liabilities	3,771	3,323
Income tax payable	146	7
	\$ 26,867	\$ 25,986

10. BORROWINGS

As at and during the three months ended March 31, 2026, and as at December 31, 2025, the Company was in compliance with all banks' and creditors' covenants that were in effect and not waived.

The Company's borrowings are as follows:

		March 31, 2026	December 31, 2025
Construction loans with BDC and FCC	Note 10.1	\$ 50,082	\$ 51,459
Credit facility	Note 10.3	33,834	38,284
Borrowings with EDC	Note 10.4	6,250	6,250
Borrowings, total		\$ 90,166	\$ 95,993
Less current portion			
Construction loans with BDC and FCC	Note 10.1	(5,783)	(5,762)
Borrowings with EDC	Note 10.4	(6,250)	(6,250)
Borrowings, current		\$ (12,033)	\$ (12,012)
Borrowings, non-current		\$ 78,133	\$ 83,981

SWISS WATER DECAFFEINATED COFFEE INC.

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(Unaudited)

10.1 Construction loans with BDC and FCC

As at March 31, 2026 and December 31, 2025, the construction loans' balances due to BDC and FCC are as follows. The effective interest rates for the three months ended March 31, 2026 and for the full year ended December 31, 2025, are also provided:

	March 31, 2026	December 31, 2025
Current portion		
Construction loans interest, current	\$ 195	\$ 207
Construction loan with BDC, current, variable 5.08% (2025: 5.55%)	632	632
Construction loan with BDC, current, fixed 4.45%	2,368	2,368
Construction loan with FCC, current, variable 4.9% (2025: 5.4%)	1,670	1,648
Construction loan with FCC, current, fixed 4.38%	918	907
	\$ 5,783	\$ 5,762
Long term portion		
Construction loan with BDC, non-current, variable 5.08% (2025: 5.55%)	4,579	4,737
Construction loan with BDC, non-current, fixed 4.45%	17,170	17,762
Construction loan with FCC, non-current, variable 4.9% (2025: 5.4%)	14,904	15,331
Construction loan with FCC, non-current, fixed 4.38%	7,991	8,224
Financing transaction costs	(345)	(357)
	\$ 50,082	\$ 51,459

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

The Company has senior term loan facilities with the Business Development Bank of Canada (“BDC”) and Farm Credit Canada (“FCC”) to finance equipment and construction of its production lines in Delta, British Columbia. Through a series of amendments, the facilities provide a total available senior debt of \$57.0 million on a pari passu basis, funded equally by both lenders.

As at March 31, 2026, the FCC facilities include a fixed-rate loan bearing interest at 4.38% and a variable-rate loan bearing interest at the FCC variable personal property rate minus 0.75%. The BDC facilities include a fixed-rate loan bearing interest at 4.45% and a variable-rate loan bearing interest at the BDC floating rate minus 1.5%

Monthly repayments of principal and interest commenced on January 1, 2025 and are scheduled through maturity on June 1, 2034. The loans permit early repayment of principal, subject to certain conditions.

Financing transaction costs incurred in connection with these facilities are deferred and amortized over the term of the loans. Deferred financing costs included in non-current borrowings amounted to \$0.3 million at March 31, 2026 (2025: \$0.4 million).

10.1 (ii) BDC/FCC – Borrowing capacity

The Company's borrowing capacity with BDC and FCC is \$57.0 million. The facilities were fully drawn at \$57.0 million upon completion of the construction project in September 2023.

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

For the three months ended March 31, 2026 and 2025, loan additions, interest charged, and interest paid on BDC and FCC loans were as follows:

	3 months ended	
	March 31, 2026	March 31, 2025
Balance, open	\$ 51,459	\$ 56,839
Principal repayments	(1,378)	(1,328)
Interest charged	582	690
Interest paid	(594)	(715)
Financing costs amortization	13	13
Balance, end	\$ 50,082	\$ 55,499

Interest on the BDC and FCC loans is calculated on outstanding balances and paid monthly.

Finance costs and effective interest rates, as outlined in Note 10.1, above, are based on the average balances drawn on each facility.

10.1 (iv) BDC/FCC – Security

The construction loans are secured by a general security agreement and a first security interest over all existing equipment and machinery, as well as new equipment and machinery financed under the facility. The loans are also guaranteed by Seaforth.

10.2 Debenture with warrants with MRC

In July 2025, the Company purchased the outstanding warrants from Mill Road Capital LLC ("MRC"), a related party, for \$0.7 million, at which point all warrants were immediately cancelled, and the embedded option liability was extinguished. Prior to the embedded option extinguishment, an unrealized gain of \$1.1 million was recognized for the three months ended March 31, 2025. As at March 31, 2026, there are no outstanding warrant or debenture obligations with MRC and accordingly, no related transactions were recognized in the period.

10.3 Operating Credit Facility

As at March 31, 2026 and December 31, 2025, the Operating Credit Facility ("Credit Facility" or "Revolving Credit Facility") comprises the following loan balance, effective interest rates, and financing transaction costs:

	March 31, 2026	December 31, 2025
Credit facility, effective interest rate 4.69% (2025: 5.28%)	\$ 33,961	\$ 38,395
Less unamortized financing transaction costs	(127)	(111)
	\$ 33,834	\$ 38,284

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

The Company has a revolving credit facility with CIBC and Rabobank (“Rabo”), providing total available funding of up to \$80.0 million, subject to a borrowing base (discussed below). Repayment of any outstanding amounts is not required before maturity, provided the borrowings remain within the defined borrowing base. The facility was amended and renewed on June 23, 2025, to support ongoing operations and growth and matures on the earlier of June 23, 2027, or the occurrence of a default event, and has an option to extend maturity to June 23, 2028, subject to lender approval. The financing costs are amortized over the term of the facility and are included in non-current borrowings.

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”), plus applicable margins. Fees apply to outstanding letters of credit and the unused portion of the Credit Facility. For the three months ended March 31, 2026, and for the full year ended December 31, 2025, the Credit Facility variable rate loan effective interest rate is disclosed in the table in note 10.3 above.

For the three months ended March 31, 2026 and 2025, loan advances, repayments, and fees and interest charged were as follows:

	3 months ended		3 months ended	
	March 31, 2026		March 31, 2025	
Balance, open	\$	38,284	\$	35,398
Principal advances		1,000		10,075
Principal repayments		(6,000)		-
Interest and fees charged		474		602
Interest transferred from EDC		92		-
Financing costs addition		(43)		(41)
Financing costs amortization		27		10
Balance, end	\$	33,834	\$	46,044

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

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Canadian or US dollars and can be borrowed, repaid, and re-borrowed to fund operations, capital expansions, letters of credit, and for general corporate purposes.

As at March 31, 2026 and December 31, 2025, the Company's borrowing availability was as follows:

	March 31, 2026	December 31, 2025
Gross borrowing base availability	\$ 46,882	\$ 50,456
Advances, repayments, fees and interest from inception	(33,961)	(38,395)
Outstanding letter of credit and security lien bond	(537)	(537)
Interests and fees accrued	179	216
	\$ 12,563	\$ 11,740

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 March 31, 2026 and 2025, the EDC Credit balance on the variable loan was as follows. The effective rate for the three months ended March 31, 2026 and for the full year ended December 31, 2025, is also provided:

	March 31, 2026	December 31, 2025
Credit facility - Bank, with an interest rate of 5.6% (2025: 6.16%)	\$ 6,250	\$ 6,250

10.4 (i) EDC Credit – Agreements

The Company has a credit facility with Export Development Canada (“EDC”) or (“EDC Credit”) for up to \$6.25 million to support working capital requirements. The EDC Credit shares security with the Company's Operating Credit Facility and is administered by CIBC.

The EDC Credit matures on the earlier of November 22, 2026, the maturity date of the Operating Credit Facility, or upon demand of the Operating Credit Facility lenders. EDC may, at its sole discretion, renew the EDC Credit for up to five successive one-year periods following the first anniversary of the effective date.

Under the Operating Credit Facility agreement, the Company is required to maintain specified maximum principal amounts at the end of each quarter and fully repay the EDC Credit 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.

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For the three months ended March 31, 2026 and 2025, loan advances, repayments, and fees and interest charged were as follows. Effective interest rates are outlined in note 10.4, above.

	3 months ended		3 months ended	
	March 31, 2026		March 31, 2025	
Balance, open	\$	6,250	\$	6,304
Interest and fees charged		92		104
Interest payable transferred to Operating Credit Facility		(92)		-
Balance, end	\$	6,250	\$	6,408

10.5 Foreign exchange facility guarantee with EDC

The Company has a foreign exchange facility guarantee with EDC supporting margin requirements under its foreign exchange contract facility. The guarantee provides for a maximum aggregate exposure of up to \$6.0 million and expires on September 30, 2026. The guarantee is recognized under the terms of the Company's Operating Credit Facility and provides additional capacity within that facility.

11. LEASE LIABILITIES

11.1 Lease liabilities

Lease liabilities are as follows:

	March 31, 2026		December 31, 2025	
Lease liabilities, current	\$	2,336	\$	1,903
Lease liabilities, non-current		14,472		13,048
	\$	16,808	\$	14,951

During the period ended March 31, 2026, the Company entered into a lease for a storage warehouse located in Delta, British Columbia, with a five-year term expiring on February 28, 2031. The lease includes a termination option exercisable by the Company with at least six months' notice, or by the lessor with at least 12 months' notice. The Company recognized \$2.4 million lease liability and a related right-of-use asset (Note 8), which was measured at the present value of lease payments discounted using the incremental borrowing rate of 4.6%. There were no such transactions in 2025.

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.

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For the three months ended March 31, 2026 and 2025, the amounts recognized in the condensed consolidated interim statement of income and condensed consolidated interim statement of cash flows were as follows. Lease cash payments reflect cash paid for principal of lease liabilities and related interest.

	3 months ended		3 months ended	
	March 31, 2026		March 31, 2025	
Balance, open	\$	14,951	\$	16,729
Additions		2,323		-
Finance expense		193		206
Lease cash payments		(693)		(637)
Foreign exchange		34		3
Balance, end	\$	16,808	\$	16,301

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 March 31, 2026, the Company recorded the following ARO balance, reflecting the present value of the ARO using a risk-free rate of 3.81% (December 31, 2025: 3.57%):

	March 31, 2026		December 31, 2025	
Balance, open	\$	3,670	\$	3,587
Remeasurement recognized in property, plant and equipment		(209)		(41)
Accretion		33		124
Balance, end	\$	3,494	\$	3,670

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 March 31, 2026, there were 9,592,302 common shares issued and outstanding (December 31, 2025: 9,544,552).

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 March 31, 2026, there were nil preferred shares issued and outstanding (December 31, 2025: nil).

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13.3 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, 2025	343,554	\$ 3.30	1.65	
E-RSUs granted	61,891	\$ 3.30	2.25	No
E-RSUs granted - performance	25,491	\$ 3.30	2.25	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 December 31, 2025	371,436	\$ 3.76	1.23	
Balance at January 1, 2026	371,436	\$ 3.76	1.23	
E-RSUs cash-settled	(32,250)	\$ 4.43		No
E-RSUs equity-settled	(47,750)	\$ 2.72		No
Balance at March 31, 2026	291,436	\$ 4.03	1.30	

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

C-RSUs transactions

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	2.25	No
C-RSUs granted - performance	38,236	\$ 3.30	2.25	Yes
Balance at December 31, 2025	131,073	\$ 4.41	2.25	
Balance at January 1, 2026	131,073	\$ 4.41	2.25	
No changes	N/A	N/A	N/A	
Balance at March 31, 2026	131,073	\$ 4.93	2.01	

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13.5 Deferred share units (“DSUs”)

The movement in DSUs was as follows:

	Number of DSUs	Weighted average share price	Performance based
Balance at January 1, 2025	306,709	\$ 3.91	
DSUs issued	71,401	\$ 3.68	No
DSUs redeemed	(18,487)	\$ 3.25	No
Balance at December 31, 2025	359,623	\$ 4.45	
Balance at January 1, 2026	359,623	\$ 4.45	
DSUs issued	14,773	\$ 4.71	No
Balance at March 31, 2026	374,396	\$ 4.71	

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 months ended March 31, 2026 and 2025 as follows:

	3 months ended	
	March 31, 2026	March 31, 2025
Decaffeinated coffee sales	\$ 51,022	\$ 57,376
Decaffeination services	3,030	1,818
Distribution services	3,400	3,078
	\$ 57,452	\$ 62,272

14.2 Contract balances

As at March 31, 2026, the accounts receivable balance of \$33.2 million (December 31, 2025: \$29.2 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 March 31, 2026, was \$0.1 million (December 31, 2025: \$0.1 million).

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As at March 31, 2026, \$0.1 million of deferred revenue, related to cash received in advance of deliveries, was included in accrued liabilities (December 31, 2025: \$0.1 million). As at March 31, 2026 and December 31, 2025, 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	
	March 31, 2026	March 31, 2025
Short-term benefits	\$ 3,521	\$ 3,498
Long-term benefits	341	(208)
Post-employment benefits	381	379
	\$ 4,243	\$ 3,669

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 for the three months ended March 31, 2026 and 2025 was as follows:

	3 months ended	
	March 31, 2026	March 31, 2025
Short-term benefits	\$ 599	\$ 613
Long-term benefits	268	(223)
Post-employment benefits	78	76
	\$ 945	\$ 466

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16.2 Trading transactions

During the three months ended March 31, 2026 and 2025, the Company entered into the following transactions with a company that is related to a director of the Company:

	3 months ended		3 months ended	
	March 31, 2026		March 31, 2025	
Sales	\$	500	\$	509
Purchases of raw materials	\$	3,242	\$	6,290

As at March 31, 2026 and December 31, 2025, the Company had the following balances receivable from and payable to a company that is related to a director:

	March 31, 2026		December 31, 2025	
Accounts receivable	\$	44	\$	37
Accounts payable	\$	2,963	\$	-

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 March 31, 2026, the loan balance of \$0.01 million was included in prepaid expenses and other receivables (December 31, 2025: \$0.01 million).

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

Basic earnings per share are as follows:

	3 months ended		3 months ended	
	March 31, 2026		March 31, 2025	
Basic income per share				
Net income attributable to shareholders	\$	1,380	\$	515
Weighted average number of shares		9,571,080		9,530,752
Basic income per share	\$	0.14	\$	0.05

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Dilutive earnings per share are as follows:

	3 months ended		3 months ended	
	March 31, 2026		March 31, 2025	
Diluted income (loss) per share				
Net income attributable to shareholders	\$	1,380	\$	515
Fair value of borrowings embedded option		-		(1,111)
Net income (loss) after effect of diluted securities	\$	1,380	\$	(596)
Weighted average number of shares - basic		9,571,080		9,530,752
Effect of dilution: Warrants		-		2,250,000
Effect of dilution: Warrants deemed to be repurchased		-		(2,182,760)
Weighted average number of shares - diluted		9,571,080		9,597,992
Diluted income (loss) per share	\$	0.14	\$	(0.06)

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		3 months ended	
	March 31, 2026		March 31, 2025	
Weighted average number of RSUs outstanding		326,992		318,132

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.

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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	
	March 31, 2026	March 31, 2025
Canada	\$ 16,594	\$ 12,555
United States	27,021	33,014
International	13,837	16,703
	\$ 57,452	\$ 62,272

18.2 Non-current assets (excluding deferred tax assets)

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

	March 31, 2026		December 31, 2025	
Canada	\$ 124,475	\$ 123,922		
Europe	49	55		
	\$ 124,524	\$ 123,977		

19. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital are as follows:

	3 months ended	
	March 31, 2026	March 31, 2025
Accounts receivable	\$ (4,065)	\$ (1,354)
Inventories	2,182	(13,075)
Other assets and liabilities	(179)	33
Prepaid expenses	(68)	(138)
Accounts payable and accrued liabilities	959	(1,607)
Derivative assets, liabilities and hedged firm commitments	2,167	2,918
	\$ 996	\$ (13,223)

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

- During the three months ended March 31, 2026, Swiss Water paid \$0.1 million in cash to settle equity-based RSUs (2025: \$0.1 million).
- During the three months ended March 31, 2026, and 2025, 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.

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

- As at March 31, 2026, \$0.01 million of depreciation on manufacturing equipment was allocated from inventory to cost of sales (December 31, 2025: \$0.2 million from cost of sales to inventory).
- As at March 31, 2026, \$0.1 million additions to property, plant and equipment were recorded in accounts payable and accrued liabilities (December 31, 2025: \$0.3 million). These transactions did not require the use of the Company's cash.
- As at March 31, 2026, \$0.02 million of non-cash asset retirement obligation for the Delta leased property was removed from property, plant and equipment (December 31, 2025: removed \$0.04 million).

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

- During the three months ended March 31, 2026, the Company entered into a lease for a warehouse, resulting in non-cash additions of \$2.4 million to right-of-use assets and lease liabilities. There were no such transactions in 2025.
- During the three months ended March 31, 2026, and 2025, 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 March 31, 2026, the Company had futures contracts to buy 9.9 million pounds of green coffee with a notional value of US\$28.9 million, and contracts to sell 15.2 million pounds of green coffee with a notional value of US\$44.2 million. The furthest contract matures in Mar 2027 (December 31, 2025: buy 7.3 million pounds of green coffee with a notional value of US\$24.3 million, and contracts to sell 11.2 million pounds of green coffee with a notional value of US\$37.9 million). Based on the volumes of coffee hedged, a 1% decrease in the mark-to-

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market rate for coffee futures would have resulted in an estimated gain of \$0.2 million to the net income, and vice versa (December 31, 2025: \$0.2 million gain).

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

Carrying amount of hedging instruments	March 31, 2026		December 31, 2025	
Fair value hedge	Commodity price risk Coffee futures		Commodity price risk Coffee futures	
Nominal amount of hedging instruments (in US\$'000)	\$	15,295	\$	13,556
Line item in the statement of financial position where hedging instrument is located				
Derivative Assets	\$	1,327	\$	1,395
Derivative Liabilities		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	March 31, 2026		December 31, 2025	
Fair value hedge	Purchase commitments and coffee inventory		Purchase commitments and coffee inventory	
Nominal amount of hedged item (in '000 lbs)		5,301		3,966
Line items in the statement of financial position where hedged item is located				
Assets	\$	1,797	\$	347
Liabilities		5,153		1,589
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 March 31, 2026, the Company had forward currency contracts to buy US\$23.8 million and sell US\$32.8 million (December 31, 2025: buy US\$18.4 million and sell US\$27.6 million) from April 2026 through to January 2028 at various Canadian exchange rates ranging from \$1.32 to \$1.41. Based on the total U.S. dollar exposure hedged, a one cent decrease in the USD/CAD exchange rate would have resulted in an estimated \$0.2 million increase in net income and other comprehensive income, and vice versa (2025: \$0.1 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.

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Currency risk hedges related to US\$ sales

As at March 31, 2026, the Company designated as hedging instruments US\$32.2 million in forward contracts to sell US dollars, which relate to highly probable forecasted sales revenue (December 31, 2025: US\$27.6 million).

Carrying amount of hedging instruments	March 31, 2026	December 31, 2025
Cashflow hedge	Currency risk Foreign currency forwards	Currency risk Foreign currency forwards
Nominal amount of hedging instruments (in US\$'000)	\$ 32,250	\$ 27,600
Line items in the statement of financial position where hedging instrument is located		
Derivative Assets	\$ -	\$ 85
Derivative Liabilities	1,057	375
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	March 31, 2026	December 31, 2025
Cashflow hedge	Currency risk Foreign currency forwards	Currency risk Foreign currency forwards
Nominal amount of hedged item (in US\$'000)	\$ 32,250	\$ 27,600
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	(1,057)	(290)

Currency risk hedges related to US\$ purchases

As at March 31, 2026, the Company designated as hedging instruments US\$11.6 million in forward contracts to buy US dollars, which relate to coffee purchases (December 31, 2025: US\$12.2 million).

Carrying amount of hedging instruments	March 31, 2026	December 31, 2025
Fair value hedge	Foreign currency purchase forwards	Foreign currency purchase forwards
Nominal amount of hedging instruments (in US\$'000)	\$ 11,551	\$ 12,181
Line item in the statement of financial position where hedging instrument is located		
Derivative Assets	\$ 91	\$ 20
Derivative Liabilities	49	245
Changes in fair value used for calculating hedge ineffectiveness	-	-

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Accumulated amount of fair value hedge adjustment on hedged item included in the carrying amount of the hedged items	March 31, 2026	December 31, 2025
Fair value hedge	Firm purchase commitments & inventories	Firm purchase commitments & inventories
Nominal amount of hedged item (in US\$'000)	\$ 11,551	\$ 12,181
Line item in the statement of financial position where hedged item is located	Inventories & hedged firm commitments	Inventories & hedged firm commitments
Assets	\$ 12	\$ 277
Liabilities	-	5
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 \$0.4 million decrease in net income, and vice versa (December 31, 2025: \$0.5 million decrease). 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 three months ended March 31, 2026, revenues from three major customers, in the amount of \$21.5 million (2025: \$24.9 million), represented 37% (2025: 40%) of total revenues for the period. Three customers represented 51% of total accounts receivable as at March 31, 2026 (December 31, 2025: 51%).

The Company had 12% of its accounts receivable past due but not impaired as at March 31, 2026 (December 31, 2025: 9%). Of the accounts receivable that are past due, nearly 100% are within 1-30 days past due, while there is a deminimus over 30 days past due. (December 31, 2025: 86% and 14% respectively).

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

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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			
	March 31, 2026	< 1 Year	2-3 Years	4-5 Years	Thereafter	
Accounts payable	\$ 22,950	\$ 22,950	\$ -	\$ -	\$ -	-
Other liabilities	2,315	2,092	223	-	-	-
Lease liabilities	16,808	2,332	3,765	1,096		93
Credit facility with banks	33,834	-	33,961	-		-
Credit facility with EDC and interest	6,250	6,250	-	-		-
Construction loans and interest	50,082	5,783	12,909	12,909		18,826
Total	\$ 132,239	\$ 39,407	\$ 50,858	\$ 14,005		18,919

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.

20.6 Fair value of financial instruments

Financial instruments that are measured at fair value are categorized as follows.

	March 31, 2026	Level 1	Level 2	Level 3
Financial assets				
Cash	\$ 4,784	\$ 4,784	\$ -	-
Derivative assets	1,656	1,327	329	-
	\$ 6,440	\$ 6,111	\$ 329	-
Financial liabilities				
Derivative liabilities	\$ 1,116	\$ 5	\$ 1,111	-
Other liabilities	2,315	-	2,315	-
	\$ 3,431	\$ 5	\$ 3,426	-

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	December 31, 2025		Level 1		Level 2		Level 3	
Financial assets								
Cash and cash equivalents	\$	6,606	\$	6,606	\$	-	\$	-
Derivative assets		1,504		1,395		109		-
	\$	8,110	\$	8,001	\$	109	\$	-
Financial liabilities								
Derivative liabilities	\$	620	\$	-	\$	620	\$	-
Other liabilities		2,162		-		2,162		-
	\$	2,782	\$	-	\$	2,782	\$	-

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, construction loans, credit facilities, and other liabilities.
- Level 3, the Company does not have Level 3 financial instruments.

During the three months ended March 31, 2026, there were no transfers between level 1 and 2 instruments. The carrying values of accounts receivable, accounts payable and accrued liabilities approximate fair value due to the short-term nature of these instruments. The carrying value of borrowings approximates fair value as interest is charged at a market rate.

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 March 31, 2026, these contracts related to the purchase of green coffee in the amount of \$77.9million (December 31, 2025: \$68.8 million). Of these contracts, \$77.9 million will become payable within twelve months from March 31, 2026.

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.

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22. SUBSEQUENT EVENT

On May 4, 2026, the Company reached an agreement with CIBC and Rabobank to extend the maturity of its existing Operating Credit Facility to June 23, 2028.