

SWISS WATER DECAFFEINATED COFFEE INC.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(unaudited)

For the Three and Nine Months Ended September 30, 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	September 30, 2026	December 31, 2025
		(Unaudited)	(Audited)
Assets			
Current assets			
Cash	4	$ 2,148	$ 6,606
Accounts receivable	5	29,078	29,179
Inventories	6	40,448	46,022
Prepaid expenses and other receivables		1,545	897
Derivative assets and hedged firm commitments	7,20	3,679	2,076
Total current assets		76,898	84,780
Non-current assets			
Deposits and other receivables		220	146
Property, plant and equipment	8	129,485	123,779
Deferred tax assets		45	104
Derivative assets	7,20	-	52
Total non-current assets		129,750	124,081
Total assets		$ 206,648	$ 208,861
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	9	$ 19,376	$ 25,986
Borrowings	10	11,079	12,012
Other liabilities		3,153	1,755
Lease liabilities	11	2,063	1,903
Derivative liabilities and hedged firm commitments	7,20	3,039	833
Total current liabilities		38,710	42,489
Non-current liabilities			
Other liabilities		713	407
Borrowings	10	72,347	83,981
Lease liabilities	11	21,701	13,048
Asset retirement obligation	12	3,568	3,670
Deferred tax liabilities		7,233	6,460
Derivative liabilities	7,20	384	72
Total non-current liabilities		105,946	107,638
Total liabilities		144,656	150,127
Shareholders' equity			
Share capital	13	$ 45,360	$ 45,259
Share-based compensation reserve		388	317
Accumulated other comprehensive loss		(1,319)	(180)
Retained earnings		17,563	13,338
Total equity		61,992	58,734
Total liabilities and shareholders' equity		$ 206,648	$ 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

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 September 30, 2026	3 months ended September 30, 2025	9 months ended September 30, 2026	9 months ended September 30, 2025
Revenue	14,18	$ 65,882	$ 62,747	$ 189,305	$ 192,714
Cost of sales		(55,870)	(56,307)	(161,202)	(173,739)
Gross profit		10,012	6,440	28,103	18,975
Operating expenses					
Administration expenses		(4,300)	(3,341)	(11,907)	(8,738)
Sales and marketing expenses		(1,380)	(885)	(3,965)	(2,741)
Total operating expenses		(5,680)	(4,226)	(15,872)	(11,479)
Operating Income		4,332	2,214	12,231	7,496
Non-operating or other					
Loss on risk management activities		(1,945)	(728)	(3,626)	(4,668)
Gain on fair value of embedded option	10.2	-	-	-	1,657
Finance income		376	407	1,196	1,147
Finance expense		(1,340)	(1,635)	(4,169)	(5,055)
Gain (loss) on foreign exchange		(448)	144	438	(125)
Total non-operating or other		(3,357)	(1,812)	(6,161)	(7,044)
Income before income tax		975	402	6,070	452
Income tax expense		(38)	(186)	(1,845)	(95)
Net income		$ 937	$ 216	$ 4,225	$ 357
Earnings per share					
Basic income per share	17	$ 0.10	$ 0.02	$ 0.44	$ 0.04
Diluted income (loss) per share	17	$ 0.10	$ 0.02	$ 0.44	$ (0.13)

– 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, 2026	3 months ended September 30, 2025	9 months ended September 30, 2026	9 months ended September 30, 2025
Net income	$ 937	$ 216	$ 4,225	$ 357
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	(329)	(1,022)	(2,205)	1,292
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	275	195	609	1,067
Other comprehensive income (loss) related to hedging activities	(54)	(827)	(1,596)	2,359
Tax recovery (expense) on other comprehensive income (loss) related to hedging activities	15	223	431	(637)
Cumulative translation adjustment	1	(19)	26	(12)
Other comprehensive income (loss) net of tax	(38)	(623)	(1,139)	1,710
Net income and other comprehensive income (loss)	$ 899	$ (407)	$ 3,086	$ 2,067

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		-	-	147	-	-	147
Net income and other comprehensive income		-	-	-	1,710	357	2,067
Balance at September 30, 2025		**9,544,552**	**$ 45,259**	**$ 267**	**$ (577)**	**$ 12,132**	**$ 57,081**
Balance at December 31, 2025		**9,544,552**	**$ 45,259**	**$ 317**	**$ (180)**	**$ 13,338**	**$ 58,734**
Shares repurchased and cancelled under NCIB	13.1	(3,000)	(25)	-	-	-	(25)
Shares repurchased transaction costs under NCIB	13.1	-	(4)	-	-	-	(4)
Shares issued for restricted share units	13.4	47,750	130	(130)	-	-	-
Share-based compensation		-	-	201	-	-	201
Net income and other comprehensive loss		-	-	-	(1,139)	4,225	3,086
Balance at September 30, 2026	13	**9,589,302**	**$ 45,360**	**$ 388**	**$ (1,319)**	**$ 17,563**	**$ 61,992**

– 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 September 30, 2026	3 months ended September 30, 2025	9 months ended September 30, 2026	9 months ended September 30, 2025
Operating activities					
Net income		$ **937**	$ 216	$ **4,225**	$ 357
Items not affecting cash:					
Depreciation		**1,917**	1,729	**5,684**	5,357
Share-based compensation expense	19	**1,607**	875	**2,819**	942
Unrealized gain on risk management activities		**(208)**	(147)	**(325)**	(76)
Unrealized gain on fair value of embedded option	10.2	**-**	-	**-**	(1,657)
Finance income		**(376)**	(407)	**(1,196)**	(1,147)
Finance expense		**1,340**	1,635	**4,169**	5,055
Income tax expense		**38**	186	**1,845**	95
Other		**(115)**	38	**(35)**	92
		5,140	4,125	**17,186**	9,018
Change in non-cash working capital relating to operating activities	19	**(8,308)**	8,909	**(3,284)**	(4,154)
Net cash (used in) generated from operations		**(3,168)**	**13,034**	**13,902**	**4,864**
Interest received		**413**	390	**1,233**	1,174
Interest paid	19	**(813)**	(868)	**(2,483)**	(2,858)
Income tax (paid) recovered		**7**	2	**(6)**	(55)
Net cash (used in) generated from operating activities		**(3,561)**	**12,558**	**12,646**	**3,125**
Investing activities					
Additions to plant and equipment	19	**(711)**	(289)	**(1,298)**	(1,122)
Net cash used in investing activities		**(711)**	**(289)**	**(1,298)**	**(1,122)**
Financing activities					
Payment of lease liabilities	11, 19	**(550)**	(454)	**(1,623)**	(1,315)
Repayment of construction loan	10.1	**(1,390)**	(1,351)	**(4,154)**	(4,024)
Proceeds from credit facility	10.3	**4,000**	-	**7,500**	11,075
Repayments of credit facility	10.3	**(1,000)**	(10,500)	**(16,500)**	(11,500)
Repayments of EDC credit facility	10.4	**(500)**	-	**(1,000)**	-
Repurchase of Company's warrants	10.2	**-**	(675)	**-**	(675)
Repurchase of Company's shares under NCIB	13.1	**(25)**	-	**(25)**	-
Transaction costs: repurchase of shares	13.1	**(4)**	-	**(4)**	-
Transaction costs: debt financing activites	19	**-**	(139)	**-**	(139)
Net cash (used in) generated from financing activities		**531**	**(13,119)**	**(15,806)**	**(6,578)**
Decrease in cash and cash equivalents		**(3,741)**	(850)	**(4,458)**	(4,575)
Cash, beginning of the period		**5,889**	4,789	**6,606**	8,514
Cash, end of the period		$ **2,148**	$ 3,939	$ **2,148**	$ 3,939

Supplemental cash flow information (Note 19)

1. THE COMPANY AND ITS OPERATIONS

Swiss Water Decaffeinated Coffee Inc. ("Swiss Water" or the "Company") is an entity incorporated under the Canada Business Corporations Act ("CBCA"). The common shares of the Company are listed on the Toronto Stock Exchange ("TSX") 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, 2026, have been prepared in accordance with International Accounting Standard 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 and nine months ended September 30, 2026, were approved for issuance by the Company's Directors on November 2, 2026. There were no significant events that occurred between the reporting date and the date of authorization other than as per 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.

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 Disclosures*, in *tandem with IFRS 9 Financial Instruments,* provides amendments to the classification and measurement 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 the IASB in April 2024, effective for annual reporting periods beginning on or after January 1, 2027. Early 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.
- *IFRS 19 Subsidiaries without public accountability: disclosures* is a new standard issued by the IASB in May 2024. The standard specifies the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. 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 or repurchase 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 September 30, 2026 is $0.1 million (December 31, 2025: $0.1 million). For further details on contract balances with customers, refer to Note 14.2.

6. INVENTORIES

Inventories consist of the following:

	September 30, 2026	December 31, 2025
Raw materials	$ 26,518	$ 26,126
Finished goods	15,306	20,507
Carbon	324	321
Packaging	263	377
Hedge accounting component	(1,963)	(1,309)
	$ 40,448	$ 46,022

The hedge accounting component represents the derivative adjustment related to designated hedges for inventory on hand as at each reporting period.

During the three and nine months ended September 30, 2026 and 2025, cost of raw materials inventories recognized in cost of sales and adjustments for obsolete inventory were as follows:

	3 months ended September 30, 2026	3 months ended September 30, 2025	9 months ended September 30, 2026	9 months ended September 30, 2025
Cost of raw materials	$ 50,152	$ 47,396	$ 145,190	$ 154,331
Obsolete inventory provision (recovery)	(5)	7	(29)	(35)

7. DERIVATIVE ASSETS AND LIABILITIES

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

	September 30, 2026	December 31, 2025
Derivative assets and hedged firm commitments, current	$ 3,679	$ 2,076
Derivative assets, non-current	-	52
Derivative liabilities and hedged firm commitments, current	(3,039)	(833)
Derivative liabilities, non-current	(384)	(72)
	$ 256	$ 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:

	September 30, 2026	December 31, 2025
Net coffee futures contracts	$ 2,243	$ 1,395
Net US dollar forward contracts, current	703	(201)
Net US dollar forward contracts, long-term	-	(20)
	$ 2,946	$ 1,174

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, 2026	December 31, 2025
Net US dollar forward contracts, current	$ (1,502)	$ (290)
Net US dollar forward contracts, long-term	(384)	-
	$ (1,886)	$ (290)

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, 2026	December 31, 2025
Hedged firm commitments on coffee purchases, current	$ (1,005)	$ (285)
Hedged firm commitments on coffee sales, current	201	624
	$ (804)	$ 339

8. PROPERTY, PLANT AND EQUIPMENT

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

	September 30, 2026	December 31, 2025
Property, plant and equipment	$ 108,731	$ 111,777
Right-of-use assets	20,754	12,002
	$ 129,485	$ 123,779

8.1 Property, plant and equipment

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

	Machinery and equipment	Building	Leasehold improvements	Computer equipment	Furniture and fixtures	Construction in progress	Total
Cost							
January 1, 2026	$ 110,018	$ 18,159	$ 6,897	$ 918	$ 195	$ 510	$ 136,697
Additions	-	-	-	12	6	1,085	1,103
Disposals	-	-	-	(51)	-	-	(51)
ARO remeasurement	-	-	(201)	-	-	-	(201)
Transfers	603	-	178	101	4	(886)	-
September 30, 2026	$ 110,621	$ 18,159	$ 6,874	$ 980	$ 205	$ 709	$ 137,548
Accumulated depreciation							
January 1, 2026	$ (17,856)	$ (4,859)	$ (1,467)	$ (580)	$ (158)	$ -	$ (24,920)
Depreciation	(2,692)	(790)	(331)	(124)	(11)	-	(3,948)
Disposals	-	-	-	51	-	-	51
September 30, 2026	$ (20,548)	$ (5,649)	$ (1,798)	$ (653)	$ (169)	$ -	$ (28,817)
September 30, 2026	$ 90,073	$ 12,510	$ 5,076	$ 327	$ 36	$ 709	$ 108,731

	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 and nine months ended September 30, 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 September 30, 2026	3 months ended September 30, 2025	9 months ended September 30, 2026	9 months ended September 30, 2025
Included in cost of sales	$ 1,253	$ 1,235	$ 3,748	$ 3,711
Included in admin costs	50	43	200	139
	$ 1,303	$ 1,278	$ 3,948	$ 3,850

Also, during the three and nine months ended September 30, 2026 and 2025, depreciation expense was allocated from inventory to cost of sales as follows:

Property, plant and equipment Depreciation	3 months ended September 30, 2026	3 months ended September 30, 2025	9 months ended September 30, 2026	9 months ended September 30, 2025
Allocated from (to) inventory	$ (6)	$ (2)	$ 53	$ 147

8.2 Right-of-use assets

During the three months ended September 30, 2026, the Company's subsidiary, Seaforth, renewed its existing lease for its primary warehouse located in Delta, British Columbia, and recognized an $8.1 million right-of-use asset. There were no such transactions during the same period in 2025. The right-of-use asset was measured at the amount equal to the lease liability recognized in the condensed consolidated interim statement of financial position. For further details, refer to the lease liabilities note disclosure.

During the nine months ended September 30, 2026, the Company's subsidiary, Seaforth, leased a storage warehouse in Delta, British Columbia, and recognized a $2.4 million right-of-use asset. There were no such transactions during the same period in 2025. The right-of-use asset was measured at the amount equal to the lease liability recognized in the condensed consolidated interim statement of financial position. For further details, refer to disclosure in Note 11, lease liabilities.

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	-	10,435	10,435
Balance at September 30, 2026	$ 244	$ 34,579	$ 34,823
Accumulated depreciation			
Balance at January 1, 2026	$ (167)	$ (12,213)	$ (12,380)
Depreciation	(25)	(1,658)	(1,683)
Balance at September 30, 2026	$ (192)	$ (13,871)	$ (14,063)
Foreign exchange	-	(6)	(6)
Balance at September 30, 2026	$ 52	$ 20,702	$ 20,754

	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 and nine months ended September 30, 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 Depreciation	3 months ended September 30, 2026	3 months ended September 30, 2025	9 months ended September 30, 2026	9 months ended September 30, 2025
Included in cost of sales	$ 555	$ 406	$ 1,503	$ 1,216
Included in admin costs	65	47	180	144
	$ 620	$ 453	$ 1,683	$ 1,360

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

	September 30, 2026	December 31, 2025
Accounts payable	$ 13,014	$ 22,656
Accrued liabilities	5,844	3,323
Income tax payable	518	7
	$ 19,376	$ 25,986

10. BORROWINGS

The Company's borrowings are as follows:

		September 30, 2026	December 31, 2025
Construction loans with BDC and FCC	Note 10.1	$ 47,319	$ 51,459
Credit facility	Note 10.3	30,857	38,284
Borrowings with EDC	Note 10.4	5,250	6,250
Borrowings, total		$ 83,426	$ 95,993
Less current portion			
Construction loans with BDC and FCC	Note 10.1	(5,829)	(5,762)
Borrowings with EDC	Note 10.4	(5,250)	(6,250)
Borrowings, current		$ (11,079)	$ (12,012)
Borrowings, non-current		$ 72,347	$ 83,981

As at and during the three and nine months ended September 30, 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.

10.1 Construction loans with BDC and FCC

As at September 30, 2026 and December 31, 2025, the outstanding balances and effective interest rates of the construction loans with BDC and FCC were as follows:

	September 30, 2026	December 31, 2025
Current portion		
Construction loans interest, current	$ 182	$ 207
Construction loan with BDC, current, variable 5.05% (2025: 5.55%)	632	632
Construction loan with BDC, current, fixed 4.45%	2,368	2,368
Construction loan with FCC, current, variable 4.93% (2025: 5.4%)	1,710	1,648
Construction loan with FCC, current, fixed 4.38%	937	907
	$ 5,829	$ 5,762
Long term portion		
Construction loan with BDC, non-current, variable 5.05% (2025: 5.55%)	4,263	4,737
Construction loan with BDC, non-current, fixed 4.45%	15,986	17,762
Construction loan with FCC, non-current, variable 4.93% (2025: 5.4%)	14,041	15,331
Construction loan with FCC, non-current, fixed 4.38%	7,519	8,224
Financing transaction costs	(319)	(357)
	$ 47,319	$ 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 September 30, 2026 and December 31, 2025, 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 September 30, 2026 (December 31, 2025: $0.4 million).

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

For the three and nine months ended September 30, 2026 and 2025, interest charged and interest paid on BDC and FCC loans were as follows:

	3 months ended September 30, 2026	3 months ended September 30, 2025	9 months ended September 30, 2026	9 months ended September 30, 2025
Balance, open	$ 48,706	$ 54,163	$ 51,459	$ 56,839
Principal repayments	(1,390)	(1,351)	(4,154)	(4,024)
Interest charged	560	652	1,722	2,015
Interest paid	(571)	(666)	(1,748)	(2,058)
Financing costs amortization	14	14	40	40
Balance, end	$ 47,319	$ 52,812	$ 47,319	$ 52,812

Interest on the BDC and FCC loans is calculated on the outstanding principal and paid monthly. The effective interest rates for the nine months ended September 30, 2026 and for the year ended December 31, 2025 are presented in Note 10.1. Finance expense and the effective interest rates are based on the average outstanding balance of each loan facility.

10.1 (iii) BDC/FCC – Borrowing capacity

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

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 nil and $1.7 million were recognized for the three and nine months ended September 30, 2025. As at September 30, 2026, there are no outstanding warrant or debenture obligations with MRC and accordingly, no related transactions were recognized in the current period.

10.3 Operating Credit Facility

As at September 30, 2026 and December 31, 2025, the outstanding balance, unamortized financing transaction costs, and effective interest rate of the Operating Credit Facility (the "Credit Facility" or "Revolving Credit Facility") were as follows:

	September 30, 2026	December 31, 2025
Credit facility, effective interest rate 4.62% (2025: 5.28%)	$ 30,960	$ 38,395
Less unamortized financing transaction costs	(103)	(111)
	$ 30,857	$ 38,284

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, 2028, or the occurrence of a default event, following an extension agreed upon on May 4, 2026. 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

For the three and nine months ended September 30, 2026 and 2025, loan advances, repayments, and fees and interest charged were as follows:

	3 months ended September 30, 2026	3 months ended September 30, 2025	9 months ended September 30, 2026	9 months ended September 30, 2025
Balance, open	$ 27,367	$ 46,640	$ 38,284	$ 35,398
Principal advances	4,000	-	7,500	11,075
Principal repayments	(1,000)	(10,500)	(16,500)	(11,500)
Interest and fees charged	372	608	1,297	1,932
Interest transferred from EDC	85	-	267	-
Financing costs addition	-	-	(83)	(177)
Financing costs amortization	33	27	92	47
Balance, end	$ 30,857	$ 36,775	$ 30,857	$ 36,775

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. The effective interest rates for the nine months ended September 30, 2026 and for the year ended December 31, 2025 are presented in Note 10.3. Fees apply to outstanding letters of credit and the unused portion of the Credit Facility. Finance expense and the effective interest rate are based on the average outstanding balance of the Credit Facility.

10.3 (iii) Credit Facility – Borrowing base

As at September 30, 2026 and December 31, 2025, the Company's borrowing availability under the Credit Facility was as follows:

	September 30, 2026	December 31, 2025
Gross borrowing base availability	$ 38,748	$ 50,456
Advances, repayments, fees and interest from inception	(30,960)	(38,395)
Outstanding letter of credit and security lien bond	(537)	(537)
Interests and fees accrued	159	216
	$ 7,410	$ 11,740

The Borrowing Base is the amount available to be borrowed under the Credit Facility, calculated based on specified eligible assets and other components as defined in the credit agreement. 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.

10.3 (iv) 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 (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, 2026 and December 31, 2025, the EDC Credit with Export Development Canada ("EDC"), together with the effective interest rates for the nine months ended September 30, 2026 and the year ended December 31, 2025, respectively, are as follows:

	September 30, 2026	December 31, 2025
EDC Credit, effective interest rate 5.94% (2025: 6.16%)	$ 5,250	$ 6,250
	$ 5,250	$ 6,250

10.4 (i) EDC Credit – Agreements

The Company has a credit facility with EDC 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 was originally scheduled to mature on the earlier of November 22, 2026, the maturity date of the Operating Credit Facility, or upon demand of the Operating Credit Facility lenders, subject to a renewal option. Subsequent to September 30, 2026, the EDC Credit was renewed for one year and is now scheduled to mature on the earlier of November 22, 2027, the maturity date of the Operating Credit Facility, or upon demand by the Operating Credit Facility lenders, with no further renewal options. Upon maturity, any remaining balance owing under the EDC Credit will be transferred to the Operating Credit Facility.

Under the Operating Credit Facility agreement, the Company is required to maintain a specified maximum principal balance under the EDC Credit at the end of each quarter.

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 three and nine months ended September 30, 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 September 30, 2026	3 months ended September 30, 2025	9 months ended September 30, 2026	9 months ended September 30, 2025
Balance, open	$ 5,750	$ 6,508	$ 6,250	$ 6,304
Repayments	(500)	-	(1,000)	-
Interest and fees charged	85	101	267	305
Interest payable transferred to Operating Credit Facility	(85)	-	(267)	-
Balance, end	$ 5,250	$ 6,609	$ 5,250	$ 6,609

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 recognized this guarantee under the Operating Credit Facility. The facility guarantees a maximum aggregate liability of up to $6.0 million. During the three and nine months ended September 30, 2026, the guarantee maturity date was extended for one year until September 30, 2027. Renewal of the EDC guarantee is at the discretion of the lender. This guarantee provides additional borrowing capacity within the above mentioned Operating Credit Facility.

11. LEASE LIABILITIES

11.1 Lease liabilities

Lease liabilities are as follows:

	September 30, 2026	December 31, 2025
Lease liabilities, current	$ 2,063	$ 1,903
Lease liabilities, non-current	21,701	13,048
	$ 23,764	$ 14,951

Effective March 1, 2026, the Company's subsidiary, Seaforth, commenced a lease for a storage warehouse located in Delta, British Columbia, with an initial 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 a $2.4 million lease liability and a related right-of-use asset, 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.

Effective September 24, 2026, the Company's subsidiary, Seaforth, renewed its existing lease for its primary warehouse located in Delta, British Columbia. The lease was renewed for a five-year term from July 1, 2027, to June 30, 2032. In connection with the renewal, the Company remeasured its existing lease liability, resulting in an $8.1 million increase in the lease liability and a corresponding right-of-use asset. Remeasurement reflects the present value of the lease payments using an 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 statements of cash flows.

For the three and nine months ended September 30, 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 September 30, 2026	3 months ended September 30, 2025	9 months ended September 30, 2026	9 months ended September 30, 2025
Balance, open	$ 16,234	$ 15,867	$ 14,951	$ 16,729
Additions	8,079	-	10,435	-
Finance expense	228	196	625	603
Lease cash payments	(778)	(649)	(2,248)	(1,923)
Foreign exchange	1	-	1	5
Balance, end	$ 23,764	$ 15,414	$ 23,764	$ 15,414

12. ASSET RETIREMENT OBLIGATION ("ARO")

The Company estimates that the total undiscounted amount of cash flows required to settle its ARO is approximately $5.7 million, all of which is allocated to the Delta location (December 31, 2025: $5.8 million).

As at September 30, 2026, the Company recorded the following ARO balance, reflecting the present value of the ARO using a risk-free rate of 3.93% (December 31, 2025: 3.57%):

	September 30, 2026	December 31, 2025
Balance, open	$ 3,670	$ 3,587
Remeasurement recognized in property, plant and equipment	(201)	(41)
Accretion	99	124
Balance, end	$ 3,568	$ 3,670

13. SHARE CAPITAL

13.1 Common shares

The Company's issued and outstanding common share capital is as follows:

	Weighted average price per common share	Number of common shares	Share capital Amount
Balance at January 1, 2025		9,517,552	$ 45,189
Shares issued for restricted share units under RSU plan		27,000	70
Balance at December 31, 2025		9,544,552	$ 45,259
Balance at January 1, 2026		9,544,552	$ 45,259
Shares issued for restricted share units under RSU plan	$ 2.72	47,750	130
Shares repurchased and cancelled under NCIB	$ 8.40	(3,000)	(25)
Shares repurchased transaction costs			(4)
Balance at September 30, 2026		9,589,302	$ 45,360

The Company is authorized to issue an unlimited number of common shares without par value. Each share, other than shares held in the Company's treasury, is equally eligible to receive dividends when declared and represents one vote at meetings of shareholders.

As at January 1, 2025, Swiss Water had a total of 9,517,552 common shares issued and outstanding with no common shares held in treasury. During 2025, the Company issued 27,000 common shares under the Shareholders' approved E-RSU Plan. As at December 31, 2025, Swiss Water had a total of 9,544,552 common shares issued and outstanding with no common shares held in treasury.

During the three and nine months ended September 30, 2026, the Company issued 47,750 common shares under the Shareholders' approved E-RSU Plan. During the period, under the normal course issuer bid ("NCIB"), which

commenced on August 20, 2026, the Company repurchased and cancelled 3,000 common shares. Transaction costs related to the share repurchases were de minimis.

As at September 30, 2026, there were 9,589,302 common shares issued and outstanding with no common shares held in treasury.

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

13.3 Warrants

In 2021, the Company issued warrants to MRC, which are related to the transaction as described in the "Debenture with Warrants with MRC" note. On July 3, 2025, the Company repurchased and cancelled all outstanding warrants. Further details are disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2025. No warrant transactions occurred during 2026.

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, 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 granted	46,612	$	4.93	2.50	No
E-RSUs granted - performance	17,574	$	4.93	2.50	Yes
E-RSUs cash-settled	(32,250)	$	4.43	-	No
E-RSUs equity-settled	(47,750)	$	2.72	-	No
Balance at September 30, 2026	355,622	$	5.76	1.10	

13.5 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	
C-RSUs granted	69,915	$	4.93	2.50	No
C-RSUs granted - performance	26,361	$	4.93	2.50	Yes
Balance at September 30, 2026	227,349	$	8.54	2.10	

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, 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	42,900	$	6.02	No
DSUs redeemed	(114,413)	$	5.66	No
Balance at September 30, 2026	288,110	$	8.49	

14. REVENUE

The following is a 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, for the three and nine months ended September 30, 2026 and 2025 as follows:

	3 months ended September 30, 2026	3 months ended September 30, 2025	9 months ended September 30, 2026	9 months ended September 30, 2025
Decaffeinated coffee sales	$ 57,897	$ 54,385	$ 167,633	$ 172,608
Decaffeination services	4,075	2,560	10,758	6,289
Distribution services	3,910	5,802	10,914	13,817
	$ 65,882	$ 62,747	$ 189,305	$ 192,714

14.2 Contract balances

As at September 30, 2026 and December 31, 2025, accounts receivable consist of amounts due from customer contracts and reflect 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, 2026, was $0.1 million (December 31, 2025: $0.1 million).

As at September 30, 2026, no deferred revenue, related to cash received in advance of deliveries, was included in accrued liabilities (December 31, 2025: $0.1 million). As at September 30, 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 September 30, 2026	3 months ended September 30, 2025	9 months ended September 30, 2026	9 months ended September 30, 2025
Short-term benefits	$ 3,909	$ 3,440	$ 11,443	$ 10,441
Long-term benefits	1,607	875	2,819	942
Post-employment benefits	358	283	1,134	1,052
	$ 5,874	$ 4,598	$ 15,396	$ 12,435

Short-term benefits comprise salaries, accrued bonuses, benefits, and Board of Directors' 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 of the Company. 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 the Board of Directors and key management personnel included in the condensed consolidated interim statement of income for the three and nine months ended September 30, 2026 and 2025 was as follows:

	3 months ended September 30, 2026	3 months ended September 30, 2025	9 months ended September 30, 2026	9 months ended September 30, 2025
Short-term benefits	$ 882	$ 603	$ 2,328	$ 1,802
Long-term benefits	1,371	765	2,394	750
Post-employment benefits	104	65	277	238
	$ 2,357	$ 1,433	$ 4,999	$ 2,790

16.2 Trading transactions

During the three and nine months ended September 30, 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 September 30, 2026	3 months ended September 30, 2025	9 months ended September 30, 2026	9 months ended September 30, 2025
Sales	$ 214	$ 125	$ 908	$ 815
Purchases of raw materials	$ 3,147	$ 4,889	$ 9,999	$ 15,332

As at September 30, 2026 and December 31, 2025, the Company had the following balances receivable from and payable to a company that is related to a Director:

	September 30, 2026	December 31, 2025
Accounts receivable	$ 93	$ 37
Accounts payable	$ 1,334	$ -

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, 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 September 30, 2026	3 months ended September 30, 2025	9 months ended September 30, 2026	9 months ended September 30, 2025
Basic income per share				
Net income attibutable to shareholders	$ 937	$ 216	$ 4,225	$ 357
Weighted average number of shares	9,591,411	9,544,552	9,585,005	9,540,003
Basic income per share	**$ 0.10**	**$ 0.02**	**$ 0.44**	**$ 0.04**

Dilutive earnings per share are as follows:

	3 months ended September 30, 2026	3 months ended September 30, 2025	9 months ended September 30, 2026	9 months ended September 30, 2025
Diluted income (loss) per share				
Net income attibutable to shareholders	$ 937	$ 216	$ 4,225	$ 357
Fair value of borrowings embedded option	-	-	-	(1,657)
Net income (loss) after dilution	$ 937	$ 216	$ 4,225	$ (1,300)
Weighted average number of shares - basic	9,591,411	9,544,552	9,585,005	9,540,003
Effect of dilution: Warrants	-	48,913	-	1,508,242
Effect of dilution: deemed repurchased Warrants	-	(37,741)	-	(1,375,071)
Weighted average number of shares - diluted	9,591,411	9,555,724	9,585,005	9,673,174
Diluted income (loss) per share	**$ 0.10**	**$ 0.02**	**$ 0.44**	**$ (0.13)**

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, 2026	3 months ended September 30, 2025	9 months ended September 30, 2026	9 months ended September 30, 2025
Anti-dilutive shares				
Weighted average number of E-RSUs outstanding	355,622	373,963	346,183	356,895

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:

	3 months ended September 30, 2026	3 months ended September 30, 2025	9 months ended September 30, 2026	9 months ended September 30, 2025
Canada	$ 18,552	$ 14,274	$ 52,056	$ 40,020
United States	28,069	30,116	88,275	101,535
International	19,261	18,357	48,974	51,159
	$ 65,882	$ 62,747	$ 189,305	$ 192,714

18.2 Non-current assets (excluding deferred tax assets)

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

	September 30, 2026	December 31, 2025
Canada	$ 129,669	$ 123,922
Europe	36	55
	$ 129,705	$ 123,977

19. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash working capital are as follows:

	3 months ended September 30, 2026	3 months ended September 30, 2025	9 months ended September 30, 2026	9 months ended September 30, 2025
Accounts receivable	$ (1,729)	$ 1,678	$ 34	$ (6,489)
Inventories	(5,963)	(812)	4,895	(10,726)
Other assets and liabilities	(70)	(244)	(988)	(251)
Prepaid expenses	(612)	(249)	(648)	(361)
Accounts payable and accrued liabilities	427	13,267	(6,927)	3,017
Derivative assets, liabilities and hedged	(361)	(5,406)	350	9,981
Borrowings embedded option	-	675	-	675
	$ (8,308)	$ 8,909	$ (3,284)	$ (4,154)

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

- During the three and nine months ended September 30, 2026, Swiss Water paid nil and $0.1 million in cash to settle E-RSUs (2025: nil and $0.1 million).
- During the three and nine months ended September 30, 2026, Swiss Water paid nil and $1.3 million in cash to settle DSUs (2025: nil and nil).
- During the three and nine months ended September 30, 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.

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

- As at September 30, 2026, $0.4 million of depreciation on manufacturing equipment was included in the carrying value of inventory (December 31, 2025: $0.2 million).
- As at September 30, 2026, $0.1 million in 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.
- During the three and nine months ended September 30, 2026, nil and $0.2 million of non-cash asset retirement obligation for the Delta leased property was removed from property, plant and equipment (2025: nil and removed $0.1 million).

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

- During the three and nine months ended September 30, 2026, under the NCIB share repurchase program, the Company paid $0.03 million for common shares and paid de minims in transaction fees. There were no such transactions in the comparative periods.
- During the three and nine months ended September 30, 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 was no such transaction in 2025.
- During the three and nine months ended September 30, 2026, the Company exercised its option to renew a warehouse lease, resulting in $8.1 million non-cash remeasurement of the lease liability and corresponding adjustment to the right-of-use assets. There was no such transaction in 2025.
- During the three and nine months ended September 30, 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 September 30, 2026, and December 31, 2025, the Company's futures contracts to buy and sell green coffee had notional values as follows:

		September 30, 2026		December 31, 2025
Coffee commodity contract maturities, notional value and pounds				
Earliest contract maturity date		Dec 2026		Mar 2026
Furthest contract maturity date		Dec 2027		Mar 2027
Notional value and pounds of designated coffee commodity contracts				
Notional value of green coffee futures contracts to buy (US$'000)	$	43,750	$	24,342
Pounds of green coffee futures contracts to buy ('000 lbs)	lbs	15,333	lbs	7,279
Notional value of green coffee futures contracts to sell (US$'000)	$	(57,471)	$	(37,898)
Pounds of green coffee futures contracts to sell ('000 lbs)	lbs	(20,420)	lbs	(11,245)

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 gain of $0.4 million to the net income, and vice versa (December 31, 2025: $0.2 million gain).

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

Carrying amount of hedging instruments		**September 30, 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)	$	13,721	$	13,556
Line item in the statement of financial position where hedging instrument is located				
Derivative Assets	$	2,243	$	1,395
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, 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)		5,087		3,966
Line items in the statement of financial position where hedged item is located		Inventories & hedged firm commitments		Inventories & hedged firm commitments
Assets	$	552	$	347
Liabilities		2,955		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 September 30, 2026 and December 31, 2025, the Company's forward currency contracts to buy and sell US$ are as follows:

	September 30, 2026	December 31, 2025
Foreign exchange contract maturities, rates, and designated notional values (US$'000)		
Earliest contract maturity date	Oct 2026	Jan 2026
Furthest contract maturity date	Jul 2028	Oct 2027
Foreign exchange rate ranging from	US$1 / C$1.32	US$1 / C$1.33
Foreign exchange rate ranging to	US$1 / C$1.42	US$1 / C$1.41
Notional value by designation		
Designated forward contracts to buy US$ for coffee purchases	$ 11,989	$ 12,181
Designated forward contracts to sell US$ related to revenue	(37,750)	(27,600)
Undesignated forward currency contracts for foreign exchange swaps	5,500	6,250
Net notional value (USD$'000)	$ (20,261)	$ (9,169)

An estimated CAD 1 cent decrease in the value of US$ would have resulted in an estimated gain of $0.2 million to the net income and other comprehensive income before tax, and vice versa (December 31, 2025: $0.1 million gain).

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 swaps and other contracts, as these are not designated hedge instruments.

20.2 (i) Currency risk hedges related to US$ sales

As at September 30, 2026 and December 31, 2025, the Company's designated hedging instruments in forward contracts to sell US dollars, which relate to highly probable forecasted sales revenue, are as follows:

Carrying amount of hedging instruments		September 30, 2026		December 31, 2025
Cashflow hedge		Currency risk Foreign currency forwards		Currency risk Foreign currency forwards
Nominal amount of hedging instruments (in US$'000)	$	37,750	$	27,600
Line items in the statement of financial position where hedging instrument is located				
Derivative Assets	$	-	$	85
Derivative Liabilities		1,886		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		**September 30, 2026**		**December 31, 2025**
Cashflow hedge		Currency risk Foreign currency forwards		Currency risk Foreign currency forwards
Nominal amount of hedged item (in US$'000)	$	37,750	$	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		(1,886)		(290)

20.2 (ii) Currency risk hedges related to US$ purchases

As at September 30, 2026 and December 31, 2025, the Company designated hedging instruments in forward contracts to buy US dollars, which relate to coffee purchases, are as follows:

Carrying amount of hedging instruments		September 30, 2026		December 31, 2025
Fair value hedge		Foreign currency purchase forwards		Foreign currency purchase forwards
Nominal amount of hedging instruments (in US$'000)	$	11,989	$	12,181
Line item in the statement of financial position where hedging instrument is located				
Derivative Assets	$	387	$	20
Derivative Liabilities		-		245
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, 2026	December 31, 2025
Fair value hedge	Firm purchase commitments & inventories	Firm purchase commitments & inventories
Nominal amount of hedged item (in US$'000)	$ 11,989	$ 12,181
Line item in the statement of financial position where hedged item is located	Inventories & hedged firm commitments	Inventories & hedged firm commitments
Assets	$ -	$ 277
Liabilities	364	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 is then reviewed annually.

For the nine months ended September 30, 2026, revenues from three major customers, in the amount of $85.1 million (2025: $69.1 million), represented 45% (2025: 36%) of total revenues for the period. Three customers represented 49% of total accounts receivable as at September 30, 2026 (December 31, 2025: 51%).

The Company had 13% of its accounts receivable past due but not impaired as at September 30, 2026 (December 31, 2025: 9%). Of the accounts receivable that are past due, 90% are within 1-30 days past due, while 10% are 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.

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, 2026	< 1 Year	2-3 Years	4-5 Years	Thereafter
Accounts payable	$ 13,014	$ 13,014	$ -	$ -	$ -
Other liabilities	3,866	3,153	713	-	-
Lease liabilities	23,764	3,159	5,439	4,842	1,799
Credit facility with banks	30,857	-	30,960	-	-
Credit facility with EDC and interest	5,250	5,250	-	-	-
Construction loans and interest	47,319	5,829	12,000	12,000	17,809
Total	$ 124,070	$ 30,405	$ 49,112	$ 16,842	$ 19,608

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

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

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

During the three and nine months ended September 30, 2026 and during the year 2025, 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.

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

	September 30, 2026	Level 1	Level 2	Level 3
Financial assets				
Cash	$ 2,148	$ 2,148	$ -	$ -
Derivative assets	3,127	2,242	885	-
	$ 5,275	$ 4,390	$ 885	$ -
Financial liabilities				
Derivative liabilities	$ 2,067	$ -	$ 2,067	$ -
Other liabilities	3,866	-	3,866	-
	$ 5,933	$ -	$ 5,933	$ -

	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	$ -

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(iii), 'Credit Facility – Borrowing base'.

The Company also has, in the normal course of business, entered into various contracts. As at September 30, 2026, these contracts related to the purchase of green coffee in the amount of $77.7 million (December 31, 2025: $68.8 million). Of these contracts, $75.2 million will become payable within twelve months from September 30, 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.

22. SUBSEQUENT EVENT

Subsequent to September 30, 2026, the EDC Credit was renewed for one year and will mature on November 22, 2027, with no further renewal options beyond the maturity date. Upon maturity, any remaining balance owing under the EDC Credit will be transferred to the Operating Credit Facility.