



## **Russell Breweries Inc. Announces Fiscal 2015 Results**

### **Company Reports \$406,710 EBITDA positive**

**VANCOUVER, Canada – October 29, 2015** - Russell Breweries Inc. (TSX.V:RB), a producer of premium craft beer, releases its financial results for the fourth quarter and Fiscal 2015, ended June 30, 2015.

The Company is \$406,710 EBITDA positive for fiscal 2015 compared to \$758,847 for fiscal 2014.

### **Fiscal 2015 Highlights (“2015F YTD”)**

The Company had a net income and comprehensive income of \$1,602,178 for 2015F YTD compared to the net income and comprehensive income of \$61,720 for the year ended June 30, 2014 (2014F YTD). The increase in net income and comprehensive income is primarily due to the increase in net revenues of \$392,402 and deferred tax recovery of \$1,963,000 (2014F YTD – \$31,000) offset by the increase in cost of sales of \$298,197, increase in selling, general and administrative expenses of \$448,991 and increase in other expenses of \$214,791.

Net revenue for 2015F YTD were \$7,937,861 up \$392,402 or 5% compared to \$7,545,459 for 2014F YTD. The increase is mainly due to increased pricing and volumes, optimized product mix and the addition of sales personnel to service wider geographical area.

The gross margin for 2015F YTD is \$4,337,049 compared to \$4,242,844 for 2014F YTD. The gross margin percentage of 2015F YTD was down 1% to 55% compared to 56% for 2014F YTD. The decrease is mainly due higher cost of sales offset by an increase in net revenue.

Selling, general and administration expenses for 2015F YTD were \$4,246,150 up \$448,991 or 12% compared to \$3,797,159 for 2014F YTD.

### **Fourth Quarter Highlights (“Q4 2015F”)**

The Company had a net income and comprehensive income of \$1,254,479 for Q4 2015F compared to net income and comprehensive loss of \$186,543 for the three months ended June 30, 2014 (“Q4 2014F”). The increase in net income and comprehensive income is primarily due to the increase in gross margin of \$18,506 and deferred tax recovery of \$1,963,000 (Q4 2014F – expense of \$140,000) offset by the increase in selling, general and administrative expenses of \$448,991 and increase in other expenses of \$241,939.

Net revenue for Q4 2015F were \$1,951,982 down \$27,814 or 1% compared to \$1,979,796 for Q4 2014F mainly due to lower sales.

The gross margin for Q4 2015F increased by \$18,506 or 2% to \$1,095,025 compared to \$1,076,519 for Q4 2014F. The gross margin percentage of Q4 2015F was up 2% to 56% compared to 54% for Q4 2014F. The increase in gross margin percentage is mainly due to lower cost of sales.

Selling, general and administration expenses for Q4 2015F were at \$1,499,329 up \$440,738 or 42% compared to \$1,058,591 for Q4 2014F.

For further details the Company's complete MD&A and financial statements for the year ended June 30, 2015 and 2014 are available on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's web site at [www.russellbeer.com](http://www.russellbeer.com).

### **Additional Information**

EBITDA is a non-IFRS financial measure. EBITDA represents net income, excluding income tax expense, interest expense and amortization and accretion. EBITDA is an indication of the underlying business performance of the Company by removing certain non-cash adjustments from its calculation. The Company believes that the EBITDA trends are valuable indicators of whether its operations are generating sufficient operating cash flow to fund working capital needs and to fund capital expenditures. The Company uses the results depicted by the EBITDA for these purposes, an approach utilized by the majority of public companies in the food and beverage sector. EBITDA is intended to provide additional information, and does not have any standardized meaning prescribed by IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate these measures differently.

Russell Breweries Inc. produces premium beers in Western Canada in breweries located in BC and Manitoba. All products are held to the highest quality standards, brewed without any preservatives, ensuring that the passion that goes into crafting the beers comes through in the taste. Russell Breweries Inc. is a public company trading on the TSX Venture Exchange under the symbol "RB".

For more information, please contact:

Benjamin Li Yu | CEO

Russell Breweries Inc.

Tel: 604.599.1190

Fax: 604.596.1048

[benjamin.yu@russellbeer.com](mailto:benjamin.yu@russellbeer.com)

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.